
ECN 110B: World Economic History II

Spring 2012

University of California, Davis¹

Instructor: Christopher M. Meissner, PhD

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Class location and time: Everson 176, MWF 11:00-11:50 A.M.

Course website and information:

SMARSITE (<http://smarsite.ucdavis.edu>)

Office: 1104 SSH

Office Hours: Wednesdays 2:00-4:00 P.M., Fridays 3:30-4:30 and by appointment

TA: Doug Campbell	TA: Gabriel Mathy
E-mail: dolcampb@ucdavis.edu	E-mail: gpmathy@ucdavis.edu
Section Location and time: Wellman 25 710-8:00, 8:10-9:00	Section Location and time: Wellman 229 M 6:10-7:00, 7:10-8:00
Office Hours: M 2-4 and by appointment	Office Hours: Tuesdays 3-4pm and Fridays 1-2pm.
Office: SSH 123	Office: SSH 138

This course introduces students to the evolution of the global economy since the early 19th century. Getting familiar with the economic history of the global economy will make you more comfortable in understanding current events such as the global economic crisis, the impact of international trade, the role of international capital flows, and the movement of workers across borders.

We will focus heavily on the following concepts/fields from economics:

- International Trade
- International Finance (exchange rates, capital flows, financial crises)
- Immigration

These issues make news headlines everyday (well, at least in the *New York Times*, *Wall Street Journal*, or the *Financial Times*, one of which by the way you should be reading on a daily basis). Your understanding of these events and issues will hopefully improve with this course.

¹ Ranked 54th out of 200 universities on this planet (just above Brown University!) in the latest Times Higher Education Supplement World Universities Ranking! But Cal, UCLA, UCSD, UCSB, and, yes, even Irvine were ahead of us. We have to do something about that, huh? Go Ags!!

The course requires no prior knowledge of history but does require econ 1A and 1B or the instructor's approval to enroll.

Important Dates

First Class: Monday April 2nd

First in class exam: Wednesday April 25th

Second in class exam: Friday May 18th

Last Class: Wednesday June 6th

Final Exam: Tuesday June 12, 2012 10:30 AM – 12:30 PM

The final exam will be partially cumulative but mostly it will focus on information after mid-term 2. Likewise, the two other exams will cover the material just prior to the exam. They will keep you up to date and current with the class.

There will be no make-up exams!

You cannot miss an exam without a valid excuse such as a documented medical incident showing you are physically unable to take the exam or have another valid reason that is documented etc. The set of valid excuses is extremely small and anything but a medical emergency that occurs at the exact time of the exam must be discussed with the instructor well before the date of the exam. Any missed exams without a valid excuse will likely result in a zero for that exam.

The course is organized around the following issues:

1. Cross Border Movements of Factors of production: capital and labor
2. International Trade: Why do countries trade with other countries? Who trades with whom? What impact does trade have on the domestic economy
3. Banking, Money and Finance: How they work in an international setting and their role in financial crises.
4. Macroeconomic policy, macroeconomic inter-dependence, the role of governments, states and electorates in shaping the global economy.

Readings

There is currently no satisfactory single book that covers the issues in this class. I am writing one however. Hopefully, you will get to read drafts of what will become chapters in that book. I would appreciate your feedback on these readings throughout.

If I fail to provide such reading I have given you a set of inspirational readings. The lectures are based on these, and they will be made available during the quarter on line at the **SMARTSITE** website. Some of them are long. Some of them are written for professional economists. The TA's and I will coach you on how to do these readings.

Course requirements & other information:

Handouts, lecture slides, and other information will be posted to the web at **SMARTSITE**.

Exam questions will be a mix of multiple choice and short answers. Exam material will be based on the major issues covered in lectures using the power point slides and additional readings as resources.

Grading policy:

The exams and problem sets will count for the following percentage of your total grade.

- First Exam: 30 %
- Second Exam: 30 %
- Final Exam: 40 %

Given the total score, we will **form a curve** and allocate final grades using this course score curve. We also strive to fit in with the department policy:

Given the total cumulative scores we form a curve and **allocate grades using this course score curve** and to fit in with the department policy: "To ensure fairness and consistency in grading, the Department expects that the GPA in Economics 1A, 1B, 100, 101, and 102 will average 2.4. (For example, a distribution with 20% A's, 30% B's, 30% C's, 10% D's, and 10% F's could be consistent with an overall GPA of 2.4.)' In more advanced courses the GPA is typically somewhat higher (2.7)."

Detailed Course Plan

Week 1	1.	M	2	Apr.	Greetings, course mechanics, introduction and overview
	2.	W	4	Apr.	Overview of the "Long-Run"
	3.	F	6	Apr.	Origins of the First Great Wave of Globalization
Week 3	4.	M	9	Apr.	The First Great Wave of Globalization: Trade
	5.	W	11	Apr.	The First Great Wave of Globalization: Trade
	6.	F	13	Apr.	The First Great Wave of Globalization: Capital Flows
Week 4	7.	M	16	Apr.	The First Great Wave of Globalization: Capital Flows
	8.	W	18	Apr.	The First Great Wave of Globalization: Migration

		9.	F	20	Apr.	The impact of Globalization
Week 5		10.	M	23	Apr.	The impact of Globalization
			W	25	Apr.	EXAM 1
		11.	F	27	Apr.	World War I and its Aftermath: the 1920s
Week 6		12.	M	30	Apr.	The Great Depression as an International Financial Crisis
		13.	W	2	May	The World in Depression cont.
		14.	F	4	May	Recovery from the Depression
Week 7		15.	M	7	May	Lessons from the Great Depression for Today
		16.	W	9	May	Recovery from World War II: The Marshall Plan and the seeds of the second global economy
		17.	F	11	May	A new international monetary system: Bretton Woods
Week 8		18.	M	14	May	Bretton Woods cont.
		19.	W	16	May	Export-led growth? The Asian Tigers and the Periphery
		20.	F	18	May	Exam 2
Week 9			M	21	May	New Patterns of International Specialization
		21.	W	23	May	International Capital Flows & Financial Crises: The Debt Crisis
		22.	F	25	May	International Capital Flows and Financial Crises in the 1990s
Week 10		23.	M	28	May	Financial Crises in the 1990s The IMF and the World Bank: Crises and Reform
		24.	W	30	May	The Noughties cont.: Bretton Woods II, Global Imbalances and the Global Financial Crisis
		25.	F	1	June	The Impact of Globalization
Week 11		26.	M	4	June	The Impact of Globalization
		27.	W	6	June	Review, Growth of the Global Economy, Prospects for the 21 st Century or <i>Commanding Heights</i> cont.

Detailed Course Plan & Reading List

Basic background reading material is given below.

The Global Economy in the Long-Run Lectures 1-3

Suggested readings:

Kevin H. O'Rourke, Jeffrey G. Williamson "When did globalisation begin?" *European Review of Economic History* (2002) 6(1): 23-5

Findlay, Ronald and O'Rourke, Kevin . "Commodity Market Integration, 1500–2000" in Bordo, M. Taylor, A and Williamson, J (eds.) [Globalization in Historical Perspective](#) (2003), University of Chicago Press

Baldwin, R., Martin, P. "Two Waves of Globalisation: Superficial Similarities, Fundamental Differences" NBER working paper 6904.

**The First Great Wave of Globalization: Trade, Immigration and Capital Flows:
Lectures: 4-8**

Lectures 4-5

Persson, Karl Gunnar 2004 "Mind the Gap! Transport costs and price convergence in the nineteenth century Atlantic economy" *European Review of Economic History* 8 (2) pp. 125-147.

Williamson, J and O'Rourke, K." Late 19th Century Anglo-American Factor Price Convergence: Were Heckscher and Ohlin Right?" *Journal of Economic History*, vol. 54, no. 4 (December 1994): 892-916

Crafts, N. and Venables, A. "Globalization in History: A Geographical Perspective" in Bordo, M. Taylor, A and Williamson, J (eds.) [Globalization in Historical Perspective](#) (2003), University of Chicago Press

Lecture 6-7

Bordo, M. Eichengreen, B. "Was There Really an Earlier Period of International Financial Integration Comparable to Today?" NBER working papers 6738

Lecture 8

Chiswick, B and Hatton, T. "International Migration and the Integration of Labor Markets" in Bordo, M. Taylor, A and Williamson, J (eds.) [Globalization in Historical Perspective](#) (2003), University of Chicago Press

The Impact of Globalization Lectures 9-10

Meissner, CM "Growth from Globalization?" (pages 29-36)

Williamson, Jeffrey G. "Land, Labor, And Globalization In The Third World, 1870-1940," *Journal of Economic History*, 2002, v62 (1,Mar), 55-85.

Peter H. Lindert, Jeffrey G. Williamson, [Does Globalization Make the World More Unequal?](#), in Bordo, M. Taylor, A and Williamson, J (eds.) [Globalization in Historical Perspective](#) (2003), University of Chicago Press

Inikori, J "Africa and the globalization process: western Africa, 1450–1850" *Journal of Global History* 2 pp. 63-86. (read pages 79-84, skim the rest)

Gourevitch, P A "[International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896](#)" *Journal of Interdisciplinary History*, Vol. 8, No. 2. (Autumn, 1977), pp. 281-313.

4. The Global Economy in the 1920s and the Great Depression of the 1930s: Lectures 11-15

Bernanke, Ben "The Macroeconomics of the Great Depression: A Comparative Approach" *Journal of Money Credit, and Banking*. 27 (1) pp. 1-28

Temin, Peter "Transmission of the Great Depression" *Journal of Economic Literature* 7 (2) pp. 87-102.

Recovery from World War II & the New International Monetary System: Lectures 16-18

Eichengreen, B. and Boltho, A. "The Economic Impact of European Integration" CEPR working paper 6820.

Bordo, Michael "The Bretton Woods International Monetary System: A Historical Overview" in Bordo, M and Eichengreen, B. (eds.) "A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform" (this is long- skim it)

East Asian Economic Growth: Lecture 19

Dani Rodrik, "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, 1995, pp.55-107

Bates, Robert H. & Coatsworth, John H. & Williamson, Jeffrey G., 2007. "Lost Decades: Post-independence Performance in Latin America and Africa," *The Journal of Economic History*, Cambridge University Press, vol. 67(04), pages 917-943, December. (read 927-940)

New Patterns of International Specialization Lecture 20

Edward E. Leamer A Flat World, a Level Playing Field, a Small World after All, or None of the above? A Review of Thomas L. Friedman's "The World is Flat"
Journal of Economic Literature , Vol. 45, No. 1 (Mar., 2007), pp. 83-126

International Capital Flows & Financial Crises: The Debt Crisis Lecture 21

Diaz Alejandro, C. Latin American Debt: I Don't Think We are in Kansas Anymore
Carlos F. Diaz-Alejandro, Paul R. Krugman and Jeffrey D. Sachs *Brookings Papers on Economic Activity* , Vol. 1984, No. 2 (1984), pp. 335-403

Financial Crises in the 1990s: Lectures 22-23

Steven Radelet and Jeffrey Sachs, "The East Asian Financial Crisis: Diagnosis, Remedies, Prospects," *Brookings Papers on Economic Activity* 1 (1998), pp.1-74.

Stanley Fischer, "The IMF and the Asian Crisis" Article at the following address
www.imf.org/external/np/speeches/1998/032098.htm

The Noughties: Bretton Woods II, Global Imbalances and the Global Financial Crisis Lecture 24

Michael P. Dooley, David Folkerts-Landau and Peter Garber "An Essay on the Revived Bretton Woods System"

Eichengreen, Barry "The Dollar and the New Bretton Woods System" Thornton Lecture.

Barry Eichengreen "The Once and Future Dollar" <http://www.the-american-interest.com/article.cfm?piece=1228>

The Impact of Globalization Lecture 25 & 26

Baldwin, R. Globalization: the great unbundling(s)

"Reaping the Benefits of Financial Globalization" IMF Discussion Paper

Clemens, Michael 2011 “Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?” Center for Global Development wp 264.

Review