ECONOMICS 341H1F

THE ECONOMIC HISTORY OF THE TWENTIETH CENTURY: TRADE, MIGRATION, MONEY, AND FINANCE

University of Toronto
Department of Economics
2020

Course Information

Instructor: Professor J. Cohen
Email: jon.cohen@utoronto.ca
Course website: https://q.utoronto.ca/
Course Lectures: Tuesday 10-12, Live Streamed and Recorded
Tutorial (as required): Wednesday 10-11, Live Streamed, and Recorded
Office hours: Wednesday 3:00-5:00pm on-line via Face Time or the equivalent, by appointment.

Prerequisites

ECO200Y/204Y/206Y/(ECO230Y, POL208Y). Please note: the department checks prerequisites. Students who have not taken the necessary prerequisites will not be allowed to take the course.

Course Goals

This course is designed for third and fourth year specialist students, especially those in economics, commerce, international relations and history. The focus is on growth and fluctuations in Europe and North America between roughly 1870 and 1939, with emphasis on international trade and payments, migration, investment, and monetary arrangements.

Coursework, Assignments and The Marking Scheme (In the Time of Covid)

As you all know, the university has put in place strict health and safety guidelines to help keep us all well. For ECO341H, this means that students this year will follow the lectures (and participate in the tutorials) in one of three, not necessarily mutually exclusive ways – in person, live streamed, and/or recorded. Moreover, traditional in
person final exams will not be given in the fall term. The assignments and evaluation schemes must, therefore, accommodate a variety of participation methods and exam restrictions. I explain below how I plan to proceed.

Tests:
There will be five ‘take-home’ tests, each worth 5 points. (SEE SYLLABUS FOR DATES AND COVERAGE OF EACH TEST.) They will be administered as follows. On the day of the test, the question (no choice) will be posted on the course web site at 9 AM Toronto time. **Answers, based on starred readings and material presented in the lectures, not to exceed 500 words must be submitted online by 11:59 PM of the same day.** Grades will be posted as soon as possible on the course web site.

Although the tests can be thought of as relatively low stakes writing assignments, they will help you synthesize course material, hone your writing skills, and learn something about the economic history of the 20th century.

Short Essays:
There will be three short essays (maximum five double spaced pages, not including tables, figures, bibliography, and end notes), each worth 25 percent of your final mark. Due dates and a restricted set of topics (you must choose one from those listed) are included at the end of the Syllabus under the heading The Essays. I also describe the grading scheme that will be used to evaluate your efforts.

To summarize, your final grade in the course will be based on the following marking scheme:

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<tr>
<td>FIVE TESTS</td>
<td>5% (EACH)</td>
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<tr>
<td>THREE ESSAYS</td>
<td>25% (EACH)</td>
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Marking and Appeals

Grades in this course will follow the Faculty's guidelines as outlined in the Calendar, which can be found here:
http://www.artsandscience.utoronto.ca/ofr/calendar/Rules&_Regulations.html#grading
Disputes over the evaluation of a piece of work should first be submitted to Professor Cohen in writing within two weeks of receiving the grade on the disputed piece of work. If, following consultation with Professor Cohen and/or the TA, the matter remains unresolved, students should follow the procedure for pedagogical appeals found here: http://www.artsandscience.utoronto.ca/ofr/calendar/Rules_&_Regulations.html#appeals_petitions.

Lecture Recordings, Copyright, and Privacy

As the recording and reuse of lectures in this course raise some particularly thorny privacy and property right issues, it is important to articulate the regulations that govern these recordings and indicate the way in which you can ask questions during the lecture but also maintain your anonymity.

First, on the use of the recorded lecture, the following applies:

This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session. Course videos and materials belong to your instructor and the University of Toronto and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor.

Second, on your participation, the following applies:

For those of you who may wish to ask a question during the lecture but also wish to remain anonymous, you can do so by clicking on the three little dots next to my name in the list of attendees, type out your question, and hit send. I will know who sent the message but you will otherwise remain anonymous. If it is of general interest, I will share the question and answer with the class but with no attribution.

Readings

At present, all libraries on the St. George campus are closed. They may open before or during term but, then again, they may not. That is the bad news. The good news is that
all required reading in books (now including Hatton and Williamson, *Global Migration and the World Economy*), in journals, and in working papers, are available online. This means that you will have no difficulty accessing these materials from the comfort of your home. To facilitate this access, all URLs (where available) are included on the Syllabus and I have also included a link to all these materials through the course website in Quercus under Library Course Reserve.

Although there is no textbook for the course, some of you may wish to purchase the following two books:


(The content of these books is also available online – see the Syllabus for the URL link.)

A limited number of copies are available in the University of Toronto Bookstore.

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<tr>
<th>Abbreviation</th>
<th>Full Title</th>
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<tr>
<td>EHR</td>
<td>Economic History Review</td>
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<tr>
<td>JEH</td>
<td>Journal of Economic History</td>
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<tr>
<td>EEH</td>
<td>Explorations in Economic History</td>
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<tr>
<td>EREH</td>
<td>European Review of Economic History</td>
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The following abbreviations (with their full titles) are used in the readings:

**TOPICS AND READINGS** [Please note that lecture dates are indicated in bold next to the topic headings.]

**PRE-WORLD WAR II**

1. **Globalization Before 1914 and The Classical Gold Standard**
   1. Trade Liberalization and Mass Migration [*September 15-22*]
O’Rourke and Williamson, Chapters 11-12.

https://journals-scholarsportal-info.myaccess.library.utoronto.ca/browse/00144983/v47i0002

“An inconvenient iota of truth; Tariffs and wages”, The Economist, 420.9001 (August 6, 2016).
http://search.proquest.com.myaccess.library.utoronto.ca/docview/1809127478/fulltext/21A887E946D4456PQ/52?accountid=14771


http://hdl.handle.net/10197/9681.

http://www.journals.uchicago.edu.myaccess.library.utoronto.ca/toc/jpe/2014/122/3

https://search-proquest-com.myaccess.library.utoronto.ca/docview/1973990663/9E80F45E13F44E81PQ/2?accountid=14771

https://academic.oup.com.myaccess.library.utoronto.ca/restud/article/87/1/382/5373087
https://academic.oup.com/restud/article/87/1/454/5486071

https://www.hbs.edu/faculty/Publication%20Files/20-118_c98ca039-ab5c-4816-b8cd-a5b2e582c882.pdf

https://journals.scholarsportal.info.myaccess.library.utoronto.ca/pdf/03043878/v134icomplete/226_msaeftittus1.xml

TEST 1: TRADE LIBERALIZATION AND MASS MIGRATION (SEPTEMBER 29)

2. The Classical Gold Standard: Capital Mobility and the Trilemma [September 29]

http://www.nber.org.myaccess.library.utoronto.ca/papers/w8846

https://www.oxfordscholarship-com.myaccess.library.utoronto.ca/view/10.1093/0195101138.001.0001/acprof-9780195101133

Marc Flandreau, “Central bank cooperation in historical perspective: A skeptical
view”, *EHR*, L (November 1997), 735-763.


“Two out of Three Ain’t Bad; The Mundell-Fleming Trilemma”, *The Economist*, 420.9004 (August 27, 2016). 

II. The Inter-War Period: Reparations, Inflation, Slow Growth

1. Overview [October 6]
   *Feinstein, Temin, and Toniolo, Chapters 1, 3-5.

   [https://babel.hathitrust.org/cgi/pt?id=mdp.39015003838276](https://babel.hathitrust.org/cgi/pt?id=mdp.39015003838276)

2. The Economic Consequences of the 1918 Influenza Pandemic [October 13]

   [https://www-nber-org.myaccess.library.utoronto.ca/papers/w26866.pdf](https://www-nber-org.myaccess.library.utoronto.ca/papers/w26866.pdf)

   [https://doi.org/10.21033/wp-2020-11](https://doi.org/10.21033/wp-2020-11)

http://www.csef.it/WP/wp568.pdf

https://www-nber-org.myaccess.library.utoronto.ca/papers/w27673

https://www.hoover.org/sites/default/files/research/docs/dragon_kings_2020_05_02_final1.pdf

TEST 2: THE CLASSICAL GOLD STANDARD, INTER-WAR OVERVIEW, 1918 FLU PANDEMIC (OCTOBER 20)

3. Reparations and Inflation In Germany: A Sovereign Debt Problem? [October 20]


link: http://www.jstor.org.myaccess.library.utoronto.ca/stable/2597967

Link: https://www.cesifo-group.de/DocDL/cesifo1_wp7066.pdf


http://www.jstor.org.myaccess.library.utoronto.ca/stable/i40041828

4. Slow Growth in Britain [**October 27**]
https://www-cambridge-org.myaccess.library.utoronto.ca/core/books/cambridge-economic-history-of-modern-britain/6DD4D53D2DE152AC6545BA97FBB02286

https://www-cambridge-org.myaccess.library.utoronto.ca/core/books/cambridge-economic-history-of-modern-britain/6DD4D53D2DE152AC6545BA97FBB02286

James Cloyne, Nicholas Dimsdale, and Natacha Postel-Vinay. “Positive effects of fiscal policy on economic growth: New evidence from the Great Depression in Britain”, *VOXEU* (2 November 2018).


TEST 3: REPARATIONS AND INFLATION IN GERMANY, SLOW GROWTH IN BRITAIN (NOVEMBER 3)

III. **The Great Depression**

1. Overview


   C. Feinstein, P. Temin, and G. Toniolo, Chapters 7-8.


2. USA: The Money Supply, Finance, and Aggregate Demand [November 10-17]


http://www.jstor.org.myaccess.library.utoronto.ca/stable/10.1086/598180

http://oxrep.oxfordjournals.org.myaccess.library.utoronto.ca/content/26/3.to c

http://www.jstor.org.myaccess.library.utoronto.ca/stable/i331354

P. Temin, *Did Monetary Forces Cause the Great Depression?* (1976), Chapters 2-4.

http://www.jstor.org.myaccess.library.utoronto.ca/stable/i324115

http://www.jstor.org.myaccess.library.utoronto.ca/stable/i352307

http://www.jstor.org.myaccess.library.utoronto.ca/stable/i337436


http://www.jstor.org.myaccess.library.utoronto.ca/stable/i40068561

TEST 4: GREAT DEPRESSION OVERVIEW, USA (NOVEMBER 24)
   [November 24]
   *C. Feinstein, P. Temin, and G. Toniolo, Chapters 6.


   C.P. Kindleberger, The World in Depression, Chapters 4-8, 14.

   T. Balderston, Economics and Politics in the Weimar Republic, Chapter 5.


Kevin O’Rourke, “Two Great Trade Collapses: The Interwar Period and The Great Recession Compared”, University of Oxford, *Discussion Papers in Economic and Social History*, 159, September 2017. [https://www.economics.ox.ac.uk/materials/working_papers/4543/159orourke.pdf](https://www.economics.ox.ac.uk/materials/working_papers/4543/159orourke.pdf)

VI. **Recovery [December 1-8]**


Feinstein, Temin, and Toniolo, Chapter 9.

1. The US


2. Germany


**TEST 5: GREAT DEPRESSION EUROPE, GREAT DEPRESSION RECOVERY US AND GERMANY (DECEMBER 8)**

3. Financial Crises and The Rise of Right Wing Populism

https://journals-scholarsportal-info.myaccess.library.utoronto.ca/browse/00142921/v88icomplete

https://www-jstor-org.myaccess.library.utoronto.ca/stable/i40124844

https://www-nber-org.myaccess.library.utoronto.ca/papers/w27854

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**THE ESSAYS**

Essays should be no longer than five double spaced pages (roughly 1500 words). The general idea is to choose a topic and define it sufficiently well that you can treat it seriously within the prescribed space. Suggested topics are broad and thus require considerable narrowing and refinement. Readings included in the course syllabus will provide you with a sufficient set of references for your essay but feel free to add material as necessary.

Copies of your essays should be submitted digitally through the course web site before midnight of the due date.

**Penalties for Late Submission of Essays**

Some of you, alas, will end up submitting your essays after the due date. The penalty for late submission is 1 percentage point per day. The very last day that late submissions will be accepted is the last day of fall term classes, that is, December 9. Extensions may be granted for medical reasons if it can be demonstrated that the illness or injury prevented you from completing the essay on time. To obtain an extension, you must submit a Verification of Student Illness or Injury form available at:
SUGGESTED TOPICS

ESSAY 1. DUE OCTOBER 2, 2020

1. Emigration, good or bad – and from whose point of view? Discuss with respect to the experience of one sending or receiving country (or one or more groups within these countries) during the period of mass migration, 1870-1914.

2. It is often argued that the pre-WW I gold standard facilitated international trade and foreign investment. Did it? If so, how; if not, why not?

3. Did the expansion of international trade 1870-1914 foster convergence in the Atlantic community? Explain why it did or did not and support your argument with qualitative and/or quantitative evidence.

ESSAY 2. DUE NOVEMBER 6, 2020

1. Did the flu pandemic of 1918-1920 have a positive, negative, or no impact on subsequent economic growth and productivity? What factor or factors, if any, determined its impact? It is recommended that you focus on the experience of a single country.

2. What caused the post-WW 1 hyperinflation in Germany? Could it have been avoided and if so how? And, of course, if your answer to previous question is yes, why were the necessary anti-inflationary policies not introduced?

3. Was Britain's relatively poor economic performance in the 1920s simply the consequence of an overvalued exchange rate?

4. What happened to inter-allied war debts in the 1920s and 1930s, why, and did it matter?

ESSAY 3. DUE DECEMBER 4, 2020

1. Banking reform in the U.S. in the 1930s – success or failure?

2. What role, if any, did the Great Depression play in the rise of right-wing nationalist parties? Focus on the experience of one country.

3. Could the Great Depression have been predicted and its severity thereby reduced? Explain.
[If you choose to do this essay, CONSULT: Robin Greenwood, Samuel Hanson, Andrei Sheifer, and Jakob Sorensen, “Predictable Financial Crises”, NBER, Working Paper 27396 (June 2020) AND ME.]
https://www-nber-org.myaccess.library.utoronto.ca/papers/w27396.pdf

4. What role, if any, did the financial crisis play in the length and severity of the Great Depression? Again, it is recommended that you focus on the experience of a single country.

5. Explain the nature and timing of recovery from the Great Depression in one of the following countries: the U.S., Germany, Great Britain.

GRADING SCHEME FOR THE ESSAYS

- Clarity of question and motivation 20%
- Statement of findings 5%
- Literature review 20%
- Clarity, coherence, completeness of analysis 25%
- Use of qualitative or quantitative evidence 20%
- Clarity and completeness of conclusion 10%