

University of Toronto
Department of Economics
2011-2012

ECO 342Y TWENTIETH CENTURY ECONOMIC HISTORY

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Office hours Wednesday 3-5 or by appointment

Prerequisites: ECO200Y/206Y (ECO230Y, POL 208Y). Please note: the department checks prerequisites. Students who fail to meet them will be removed from the course.

This course is designed for third and fourth year specialist students, especially those in economics, commerce, international relations and history. It is a survey of the economic development of Europe and certain overseas areas since roughly 1900 with particular emphasis on the international aspects (trade, migration, investment and monetary arrangements) and their repercussions. Each student is encouraged to shape the course (within limits) to his or her special interests through the judicious selection of an essay topic and choice of topics among the recommended readings (more on this under readings). A list of selected essay topics can be found on pages 12-13.

The course has a final examination covering the work of the whole year, a mid-term test, **given during the fall examination period**, covering material treated during the first term, and an essay of 3-5,000 words (exclusive of footnotes and bibliography). The essays will be due on a staggered basis, determined by random selection, between mid-November and early April so as to spread the load on libraries and to enable a speedy return of papers. For further details on the essays see pages 11-12 below.

The final grade will be determined as follows:

Final examination	50 per cent
Mid-term test	20 per cent
Essay	30 per cent.

Make-up Tests:

If the mid-term test is missed for reasons beyond the student's control and if a written request for special consideration is submitted within **one week** of the start of the winter term, explaining the reason for missing the test and attaching appropriate documentation such as a doctor's certificate, the student will be entitled to take the make-up that will be held on **Wednesday January 18, 2012** from 3-5 pm.

Penalties for Late Submission of the Essay:

For the Essay, the due date is final. No extensions will be given, **except on medical grounds**. Late submissions (without an extension) will suffer a deduction of 1 percentage point per day up to a maximum of the marked value of the piece of work. No essay will be accepted after 5 pm on the last day of classes, **Thursday, April 5, 2012**.

Marking and Appeals:

Grades in this course will follow the Faculty's guidelines as outlined in the Calendar.

Disputes over the evaluation of a piece of work should be discussed with the TA first. Before discussing the matter verbally, please submit **your case** for a change in grade **in writing**. After reading your case and talking the matter over with you, the TA will reply in writing. If you are still unhappy, you should then come to me and repeat the process. If you are still unhappy you should follow the procedure for pedagogical appeals set out on page 497 of the Calendar. **You must submit your appeal within two weeks of receiving your mark on the disputed piece of work.**

TESTS, EXAM, and READINGS**Mid-term Test:**

The mid-term test will be based on material contained in lectures and starred items on the reading list, including selected chapters from Feinstein, Temin, and Toniolo, and Eichengreen (see below). Some but not all of the starred items are included in the reading package. The items contained in the reading package are identified on the reading list by [READINGS]. Starred items that are not included in the reading package are accessible on-line through e-resources at Robarts.

FINAL EXAMINATION:

The final exam will be based on material contained in the lectures and the reading list. You may also be able to make use of readings done for essays. The exam is divided into two parts. Part I deals with the pre-WW II period, Part II with the period after WW II. You are expected to an essay in response to three questions, one drawn from each of the two parts and a third from either. You have ample choice among questions in the two parts and should, therefore, prepare in depth two or three topics for each of the two periods. This means that you need to read more

than the starred items for these topics.

Readings:

All reading material for the course is available in the Trinity College Library and on short-term loan in Robarts. Most of the material is also available in the Victoria College library.

There is a reading package, available for purchase from Scholar House Productions, 100 Harbord Street [telephone 416-977-9641]. It contains a collection of photocopies of some of the starred items on the reading list.

Although there is no textbook for the course, you may wish to purchase **C.H. Feinstein, P. Temin, and G. Toniolo**, *The World Economy Between the Wars* (Oxford, 2008) and **B. Eichengreen**, *Globalizing Capital: A History of the International Monetary System, Second Edition* (Princeton, 2008). A limited number of copies are available in the University of Toronto Bookstore.

The following abbreviations (with their full titles) are used in the readings:

Abbreviation	Full Title
CEHE	The Cambridge Economic History of Europe, vol. VIII (eds. P. Mathias and S. Pollard)
JEEH	Journal of European Economic History
EHR	Economic History Review
JEH	Journal of Economic History
EEH	Explorations in Economic History
EREH	European Review of Economic History

TOPICS

Pre-World War II.

1. Globalization before 1914 and the Classical Gold Standard.
2. World War I and Its Legacy.
3. The 1920s: Reparations, Inflation, and Slow Growth.
 - Reparations and Inflation
 - Slow Growth in Britain
4. The Inter-War Gold Standard.
5. The Great Depression:
 - USA
 - International
 - Recovery
6. Development Planning in the USSR.

Post-World War II.

7. World War II, Reconstruction, and the International Economy.
8. Post-War Economic Growth in Europe.
9. The International Economy to the Collapse of Bretton Woods and After.
10. The Rise of Japan and the East Asian Miracle.
11. Globalization Revisited.

TOPICS AND READINGS

PRE-WORLD WAR II

I. Globalization Before 1914 and The Classical Gold Standard

1. Trade Liberalization, Mass Migration, and Capital Movements

*K. O'Rourke and J. Williamson, *Globalization and History* (1999), Chapters 3-4. [READINGS]

O'Rourke and Williamson, Chapters 11-12.

Jacks, D., C.M. Meissner, D. Novy, "Trade costs in the first wave of globalization", *EEH*, 47 (April 2010).

*T.J. Hatton and J. Williamson, *Global Migration and the World Economy: Two Centuries of Policy and Performance* (2005), Chapters 4, 6. [READINGS]

Hatton and Williamson, Chapter 5.

Alan Taylor and M. Obstfeld, "Globalization and Capital Markets", National Bureau of Economic Research, Working Paper 8846, (2002).

2. The Classical Gold Standard

*B. Eichengreen, *Globalizing Capital*, Chapter.2.

B. Eichengreen, *Golden Fetters: The gold standard and the great depression 1919-39* (1992), Chapter 2.

*Marc Flandreau, "Central bank cooperation in historical perspective: A sceptical view", *HER*, L (November 1997).

Antoni Estevadeordal, Brian Frantz, Alan M. Taylor, "The Rise and Fall of World Trade, 1870-1939", *The Quarterly Journal of Economics*, 118, (May 2003).

II. World War I and Its Legacy

*Feinstein, Temin, and Toniolo, Chapter 2.

*S. Broadberry and Mark Harrison (eds.), *The Economics of World War I* (2005) Chapter 1. [READINGS]

Broadberry and Harrison, Chapters 2, 7.

Eichengreen, *Golden Fetters*, Chapter 4.

G. Hardach, *The First World War 1914-1918* (1977), Chapters 1, 2, 4, 8, 9.

III. The 1920s : Reparations, Inflation, Slow Growth

1. Overview

*Feinstein, Temin, and Toniolo, Chapters 1, 3-5.

C.P. Kindleberger, *The World in Depression* (1986 Edition), Chapter 3.

2. Reparations and Inflation

*N. Ferguson, "Constraints and room for maneuver in the German inflation of the early 1920s" *EHR*, 49 (November 1996), pp. 635-66.

*Eichengreen, *Golden Fetters*, Chapter 5. **[READINGS]**

T. Sargent, "The ends of four big inflations", in T. Sargent, *Rational expectations and inflation* (1986).

K. Hardach, *The Political Economy of Germany in the Twentieth Century* (1980), Chapter 3.

T. Balderston, *Economics and Politics in the Weimar Republic* (2002), Chapters 2-3.

3. Slow Growth in Britain

*B. Eichengreen, "The British economy between the wars" in R. Floud and P. Johnson, eds., *Cambridge Economic History of Modern Britain*, Volume II (2004). **[READINGS]**

M. Thomas, "The macro-economics of the inter-war years" in R. Floud and D. McCloskey, eds., *The economic history of Britain since 1700*, second edition, Volume 2 (1994).

T.J. Hatton, "Unemployment and the labour market in inter-war Britain", in Floud and McCloskey, Volume 2.

B.W.E. Alford, *Depression or Recovery: British Economic Growth, 1918-1939* (1972), Chapters 1, 2, 4.

IV. The Inter-War Gold Standard

*B. Eichengreen, *Globalizing Capital*, Chapter 3.

*D.E. Moggridge, "The Gold Standard and National Financial Policies, 1919-1939", *CEHE*, pp. 250-314. **[READINGS]**

L. Yeager, *International monetary relations: theory, history, and policy*, second edition (1976), Chapter 16.

B. Eichengreen, *Golden Fetters*, Chapters 6-7.

J. Cohen, "The 1927 Revaluation of the Lira", *EHR*, XXV (November 1972), pp. 624-54.

G.C. Schmid, "The Politics of Currency Stabilisation: The French Franc", *JEEH*, III (Fall 1974), pp. 359-77.

K. Moure, "Undervaluing the franc Poincare", *EHR*, 49 (February 1996), pp. 137-53.

V. The Great Depression

1. Overview

*C. Feinstein, P. Temin, and G. Toniolo, Chapters 6-8.

*B. Eichengreen, "Viewpoint: Understanding the Great Depression", *Canadian Journal of Economics*, 37 (February 2004), pp. 1-27.

Randall E. Parker, *The Economics of the Great Depression: A twenty-first century look back at the interwar era* (2007), Chapter 1.

2. USA

*M. Friedman and A.J. Schwartz, *A Monetary History of the United States, 1867-1960* (1963), Chapter 7, pp. 299-62. [READINGS]

*P. Temin, "The Great Depression" in S. Engerman and R. Gallman, eds., *Cambridge Economic History of the United States*, Vol. III (2000), pp. 301-28. [READINGS]

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

M. Olney, "Avoiding default: The role of credit in the consumption collapse of 1930", *Quarterly Journal of Economics*, CXIV (February, 1999) pp. 319-35.

H. Cole and L. Ohanian, "The Great Depression in the United States from a Neoclassical Perspective", *Federal Reserve Bank of Minneapolis Quarterly Review*, 23 (Winter, 1999), pp. 2-24.

C. Romer, "The Great Crash and the Onset of the Great Depression" *Quarterly Journal of Economics*, 105 (Aug. 1990), pp. 597-624.

3. International

*P. Temin, *Lessons from the Great Depression* (1989), Lectures 1 and 2.

B. Eichengreen and D. Irwin, "The Slide to Protectionism in the Great Depression: Who Succumbed and Why?" National Bureau of Economic Research, *Working Paper 15142* (2009).

B. Eichengreen, 'The Origins and Nature of the Great Slump Revisited', *EHR*, XLV (May 1992), pp. 213-239.

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

B. Bernanke, "The macroeconomics of the Great Depression: A comparative approach" *Journal of Money, Credit, and Banking*, 27 (February 1995), pp. . . . (Reprinted in B. Bernanke, *Essays on the Great Depression* (2000), pp. 5-38.)

Barry Eichengreen and Peter Temin, "The Gold Standard and the Great Depression", *Contemporary European History*, Vol. 9, No. 2 (Jul., 2000), pp. 183-207.

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

D. Irwin, "Did France Cause the Great Depression?" *NBER Working Paper 16350* (September 2010).

VI. Recovery

*Feinstein, Temin, and Toniolo, Chapter 9.

* Peter Temin, "Socialism and Wages in the Recovery from the Great Depression in the United States and Germany". *JEH* L (June 1990), pp. 297-307.

*B. Eichengreen and J. Sachs, "Exchange rates and economic recovery in the 1930s" *JEH*, XLV (Dec 1985), pp. 925-946.

M. Alexopoulos and J. Cohen, "Measuring Our Ignorance, One Book at a Time: New Indicators of Technological Change, 1909-1949", *Journal of Monetary Economics* (May 2009), pp. 450-470.

Alan Booth, "Britain in the 1930s: a managed economy?", *EHR*, second series, XL, 4 (1987), pp. 499-522.

C.P. Kindleberger, *The World in Depression*, Chapters 10-13.

C. Romer, "What ended the great depression?" *JEH*, 52 (December 1992), pp. 757-84.

R.J. Overy, *The Nazi Economic Recovery 1932-1938*, 2nd ed. (1996).

_____ "Hitler's War and the German Economy: A Reinterpretation", *EHR*,

XXXV (May 1982), pp. 272-91. [This has been reprinted, along with other work of Overy's and a first-rate bibliography in his 1994 book *War and Economy in the Third Reich*.]

G. Hardach, *The Political Economy of Germany in the Twentieth Century*, Chapter 4 (part 1).

VI. Development Planning in the USSR

*S.G. Wheatcroft, R.W. Davies and J.M. Cooper, "Soviet Industrialisation Reconsidered", *EHR*, XXXIX (May 1986), pp. 264-94.

*R. Allen, *Farm to Factory* (2003), Chapters 7-8. [**READINGS**]

R. Allen, *Farm to Factory*, Chapters 3, 5-6.

R.W. Davies on Allen (book review of the above). EH.Net. June 2004.

A. Nove, *An Economic History of the USSR, 1917-1991* (1992), Chapters 4-8.

R.W. Davies, "Economic and Social Policy in the USSR, 1917-1941", *CEHE*, pp. 984-1048.

H. Hunter and J.M. Szyrmer, *Faulty Foundations: Soviet Economic Policies, 1928-1940* (1992), Chapters 2, 11 and 14.

POST-WORLD WAR II

VII. World War II, Reconstruction, and the International Economy

*B. Eichengreen, *The European Economy Since 1945* (2007), Chapter 3. [**READINGS**]

*Bradford De Long and Barry Eichengreen, 'The Marshall Plan: History's Most Successful Structural Adjustment Program', in R. Dornbusch, W. Nödling and R. Layard (eds), *Postwar Economic Reconstruction: Lessons for the East Today* (1993). [**READINGS**]

*Feinstein, Temin, and Toniolo, Chapter 10.

A. S. Milward, *The Reconstruction of Western Europe, 1945-1951* (1984), Chapter XIV.

A.S. Milward, *The European rescue of the nation-state*, second edition (2000), Chapter 2.

C. Maier, "The two post-war eras and the conditions for stability in twentieth century western Europe" in C. Maier, *In search of stability* (1987).

L. Yeager, *International monetary relations*, Chapters 19, 21.

J. Williamson, *The failure of world monetary reform, 1971-74* (1977), Chapter 1.

VIII. Post-war Economic Growth in Europe

*M. Abramovitz, 'Catch-up and Convergence in the Postwar Growth Boom and After', in W.J. Baumol, R.R. Nelson and E.N. Wolff (eds.), *Convergence of Productivity: Cross-National Studies and Historical Evidence* (1994).

[READINGS]

*B. Eichengreen, *The European Economy Since 1945* (2007), Chapters 2, 4.

[READINGS]

*P. Temin (2002), "The golden age of European economic growth reconsidered" *EREH*, 6 (April), pp. 3-22.

F. Caselli and S. Tenreyro (2004), "Is Poland the Next Spain?" Public Policy Discussion Paper 04-8, Federal Reserve Bank of Boston (December).

B. Eichengreen, *The European Economy Since 1945*, Chapter 7.

A. Maddison, *Phases of Capitalist Development* (1982), Chapters 5-6.

A. Maddison, *Dynamic Forces in Capitalist Development: A Long-Run Comparative View* (1991), Chapters 5-6.

S. Marglin and J. Schor (eds.), *The Golden Age of Capitalism: Reinterpreting the Postwar Experience* (1990), Chapter 2.

M. Abramovitz and P.A. David, 'Convergence and Deferred Catch-up: Productivity leadership and the waning of American Exceptionalism', in R. Landau, T. Taylor and G. Wright, *The Mosaic of Economic Growth* (1996).

G. Toniolo, "Europe's Golden Age, 1950-1973", *EHR*, LI (May 1998), pp. 252-267.

M. Kitson, "Failure followed by success or success followed by failure: A re-examination of British economic growth since 1949", in Floud and Johnson, eds., *The Cambridge Economic History of Modern Britain*, Vol. III (2004).

IX. The International Economy to the Collapse of Bretton Woods And After

*J. Williamson, *The failure of world monetary reform, 1971-74* (1977), Chapter 2 [READINGS].

*Eichengreen, *Globalizing Capital*, Chapters 4-5.

Yeager, *International Monetary Relations*, Chapters 22, 24, 27- 28.

W.M. Corden, *Economic Policy, Exchange Rates and the International System* (1994), Chapters 7-10.

X. The Rise of Japan And the East Asian Miracle

H. Patrick and H. Rosovsky (eds.), *Asia's New Giant: How the Japanese Economy Works* (1976), Chapters 1, 8, 11.

*D. Flath, *The Japanese Economy* (2005) 2nd Ed., Chapters. 4, 6, 8-9.

S. Tsuru, *Japan's Capitalism: Creative Defeat and Beyond* (1993), esp. Chapters 1-5.

Yutaka Kosai, "The Post-War Japanese Economy, 1945-73" in K. Yamamura, ed., *The Economic Emergence of Modern Japan* (1997).

*World Bank, *The East Asian Miracle. Economic Growth and Public Policy* (1993), Chapters Overview, 1-3, 5-6.

XI. Globalization Revisited

J. Bhagwati, *In Defense of Globalization* (2004), Parts 1 and 2.

D. Irwin, *Free Trade Under Fire* (2002). Selected Chapters.

THE ESSAYS

Essays should be 3,000 to 5,000 words in length (ten to fifteen typed pages or their handwritten equivalent) excluding footnotes and bibliography. Essays should be double-spaced. Make sure you keep a copy of your essay.

The general idea is to choose a topic and define it sufficiently well that you can treat it seriously within the prescribed space. Some general suggestions for topics appear below, but these often need considerable narrowing and refinement.

Students who want to select a topic that does not appear in the list below must first discuss it with me. Once you have selected a topic, you are strongly advised to consult with me and/or the TA about coverage, definition, and your preliminary bibliography. You should not, however, expect us to provide you with a list of readings: compiling a preliminary bibliography is one of the important elements of essay writing.

Essays must be your own work and give suitable acknowledgement in the footnotes and bibliography of the work and influence of others. For guidance, see the Department's How Not To Plagiarize. Presenting the work of others as your own or without due acknowledgement is **plagiarism**. Plagiarism is a serious academic offence- so serious that it can normally only be dealt with by the Dean or a University Tribunal. **Plagiarism is frequently punished by zero for the piece of work in question, a further penalty equal to the value of the piece of work, and an annotation on the student's transcript for a period of years.** Serious cases have also seen suspension or expulsion from the University of Toronto.

Students agree that by taking this course all required papers may be subject to submission to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference data base solely for the purpose of detecting plagiarism of such papers. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site.

In addition to providing hard copies for me, students should submit their papers to the Teaching Assistant via Turnitin.com unless there are extenuating circumstances, which will be considered on a case-by-case basis. Where there are extenuating circumstances, as an alternative to Turnitin.com, students will submit with the hard copy of their essay all their background material (reading notes, photocopies, and drafts).

The detailed procedures for submission will be available later.

Due Dates:

Essays will be submitted on a staggered basis between late November and early March so as to ease the load on libraries and to ensure a speedier return of marked papers. Submission dates will be decided randomly very early in the Fall Term. Once you have a submission date, you may trade it with someone else in the class so long as both parties to the trade jointly inform me of the results of the trade.

As noted above, essays submitted late will suffer a deduction of 1 percentage point per day up to a maximum of the marked value of the essay. No essay will be accepted after 5 pm on the last day of classes, Thursday April 1.

Essays in Economic History:

In the introductory section of your essay, you should do the following:

- State clearly the question you intend to answer.

- Explain briefly how you intend to go about answering it.
- Motivate the essay – that is, explain why the question is interesting and important.
- Finally, state clearly the answer to your question.

In subsequent sections, you should do the following:

- Review the literature that deals with your question and explain how your analysis fits into, and, with luck, furthers this literature.
- Present and, where appropriate, comment on your data and/or qualitative evidence and then make your case.
- In the final section (conclusion), review briefly your question and your answer.

SUGGESTED TOPICS

1. The effects of international migration either before 1914 or after 1945 for any of the following sending or receiving countries: United Kingdom, United States, Germany, France, and Italy.
2. Long-term foreign investment and its impact on either the sending or the receiving economy before 1914 or after 1945 for any one of the following countries: United States, United Kingdom, Singapore, Japan.
3. The connection between trade, capital flows, and migration in one New World or Old World country in the period before 1914 or after 1945.
4. International debt crises in either the inter-war period or in the 1980s or 1990s.
5. Foreign direct investment before 1939- the rise of the multinational corporation.
6. The role, if any, played by the pre-1914 gold standard in facilitating trade and capital flows drawing on the experience of one or two of the following countries: United States, Britain, Canada, France.
7. Was the role of Britain pivotal in the smooth functioning of the gold standard before 1914? **OR** Does the lack of a hegemon in the inter-war period help explain the failure of the system?
8. The causes and consequences of hyperinflation either in the early 1920s or the late 1940s in one or more countries.
9. The role, if any, of the gold standard in the slump of 1929-33.
10. War debts and the economy of one of the following: Italy, Britain, France.
11. The international economy and the 1929 American slump.
12. The problems of international cooperation and coordination in the 1920s: the role of

the United States, Britain, or France.

13. Unemployment in the 1930s- real or imaginary?
14. Uncertainty and the slump.
15. National economic policies and economic recovery in the 1930s; a comparison of two countries or an analysis of a single country.
16. Monetary vs real factors in the slump of 1929-33.
17. Reconstruction planning during World War II: the role of 'the lessons of history'.
18. The problems of reconstruction in Europe after 1945: the American response(s).
19. The nature, purpose, and economic impact of one of the following: the European Coal and Steel Community; the European Payments Union.
20. Resource costs and economic growth during the Golden Age.
21. The demographic transition and the Golden Age of economic growth.
22. Labour-management relations in the Golden Age of economic growth, 1950-71.
23. The peculiar problems of the United Kingdom after 1950.
24. Causes of the slowdown in economic growth after 1973 – systemic or transitory? The role of oil shocks.
25. The collapse of Bretton Woods - systemic flaws or changed international conditions?
26. Survey the literature on the Soviet Union and the international economy during either the inter-war period or the post-war period.
27. The problems and/or prospects for the reintegration of Europe following the collapse of the Soviet Union.
28. Does centralized wage bargaining promote industrial peace and wage moderation? Discuss with reference to one of the following: Ireland, Sweden, Austria, Germany, or Denmark.
29. Explain the jump in unemployment rates in recent decades in one of the following: Germany, France, Italy, or Spain.
30. Industrial policy and economic growth in Japan or one of the Asian Tigers.

31. Globalization and growth: the lessons of history.