

TWENTIETH CENTURY ECONOMIC HISTORY (ECO 342Y)

University of Toronto
Department of Economics
2015-2016

Course Information

Instructors: Professor J. Cohen, Professor S. Eli
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Course website: portal.utoronto.ca
Course Lectures: Wednesday 12:00 – 2:00pm
Office hours Fall Term (Professor Cohen): Wednesday 3:00-5:00pm or by appointment in Room 174 GE 150 St. George Street.
Office hours Spring term (Professor Eli): Wednesday 3:30-5:30pm or by appointment in Room 326 GE 150 St. George Street.

Prerequisites

ECO200Y/204Y/206Y (ECO230Y, POL 208Y). 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. In the fall term, taught by Professor Cohen, the focus is on growth and fluctuations in Europe and North America between roughly 1870 and 1939 with a particular emphasis on international trade and payments, migration, investment, and monetary arrangements. In the spring term, taught by Professor Eli, the focus is on institutions, growth and inequality in countries across the world. 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 (see the Readings section of the syllabus). A list of fall term essay topics will be made available in September with an equivalent list for winter term essays available in January.

Coursework

Grades will be calculated based on points gained from exams, quizzes, and the two essays.

The **first exam** will be given during the fall examination period and will cover material from the fall term, which includes lectures and starred items on the reading list. (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 as [READINGS]. Starred items that are not included in the reading package are accessible on-line through e-resources at Robarts.)

The **second exam** will be given during the final examination period and will cover material from the winter term only. Students are responsible for all of the material covered in lecture as well as starred items on the reading list.

The 10-minute in-class quizzes will be announced 2 weeks in advance and will require students to compose short 1 to 2 paragraph answers to questions relating to the material presented in class and/or material from the reading list. The quizzes will be based on material contained in the starred readings and in the lectures. They are intended to help students synthesize the readings and strengthen essay-writing skills on topics in economic history. Although the stakes are very low, the experience is valuable. There will be 2 in-class quizzes in the fall term and 2 in the winter term.

The fall term essay is due on 18 November 2015. The winter term essay is due March 23, 2016. Further details on the essays (their content, length, etc.), will be provided with the list of suggested topics. Essays should be submitted by e-mail in pdf (no other format will be accepted, in the fall term to Professor Cohen at jon.cohen@utoronto.ca, in winter term to Professor Eli at shari.eli@utoronto.ca).

A Few Words About Plagiarism:

Don't do it! Plagiarism, as defined by the Merriam-Webster Dictionary, includes using someone else's words, phrases, texts, or rewording someone else's thoughts, without giving he/she due credit. It is your responsibility to ensure that you do not, even by accident, plagiarize. If in doubt, check the student guide to academic honesty at <http://www.utoronto.ca/academicintegrity/>.

Plagiarism is a serious academic offense. **The usual minimum penalty is a zero on the piece or work in question.** In addition, **cases of plagiarism can lead to an annotation of the academic offense on the student's transcript; in serious cases, students have been suspended or expelled from the university.** To discourage plagiarism, all students in the course must submit copies of their essays to tunitin.com. Details on how to do this will be provided early in the fall term.

The **final grade** will be determined in the following way:

1 st exam	34%
2 nd exam	34%

Four 10-minute in-class quizzes	0.5% (each)
Essays	15% (each)

Policy for Missed Exams

If an exam is missed due to a medical reason, the student must submit a Verification of Student Illness or Injury form available at:

<http://www.illnessverification.utoronto.ca/getattachment/index/Verification-of-Illness-or-Injury-form-Jan-22-2013.pdf.aspx>

Only an original form, not scans, e-mails or copies, will be accepted. The form must be completed by a qualified medical doctor (or nurse practitioner), and the doctor's OHIP registration number must be provided.

If the medical note or other cause for missing an exam is accepted as a suitable reason, the student will be eligible to take a make-up test, which will be considerably different from the original exam. If the student misses the make-up test, there will be no "make-up make-up," and the student will receive a zero for the exam.

Penalties for Late Submission of the Essay

No extensions will be given for the essay, **except on medical grounds**. Late submissions (without an approved extension) will receive a deduction of 1 percentage point per day. The very last day that late submissions will be accepted in the Fall term is the last day of fall term classes. Similarly, the last day that late submissions will be accepted in the Winter term is the last day of winter term classes.

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 the fall term) and Professor Eli (in the winter term) in writing and within two weeks of receiving the grade on the disputed piece of work. If the matter has still not been resolved, students should follow the procedure for pedagogical appeals found here:

http://www.artsandscience.utoronto.ca/ofr/calendar/Rules_&_Regulations.html#appeals_petitions.

Readings

Fall term:

All reading material for the fall term of 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. Journal articles are available on-line through e-Journals at the U of T library and also through JSTOR.

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 for the fall term.

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

1. **C.H. Feinstein, P. Temin, and G. Toniolo, *The World Economy Between the Wars* (Oxford, 2008)**
2. **B. Eichengreen, *Globalizing Capital: A History of the International Monetary System*, Second Edition (Princeton, 2008)**

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

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

Abbreviation	Full Title
EHR	Economic History Review
JEH	Journal of Economic History
EEH	Explorations in Economic History
EREH	European Review of Economic History

Winter term:

Readings for the winter term will be available online through JSTOR (links provided in the reading list) or will be available for download on Blackboard in the “Readings” folder. In addition, the required textbook for the Winter term is **C.H. Feinstein, P. Temin, and G. Toniolo, *The World Economy Between the Wars* (Oxford, 2008).**

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.

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 skeptical view", *EHR*, L (November 1997), 735-763.

link: <http://www.jstor.org.myaccess.library.utoronto.ca/stable/2599884>

Antoni Estevadeordal, Brian Frantz, Alan M. Taylor, "The Rise and Fall of World Trade, 1870-1939", *The Quarterly Journal of Economics*, 118, (May 2003), 755-787.

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

II. The Inter-War Period: 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, 4 (November 1996), 635-66.

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

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

*Albrecht Ritschl, “The German Transfer Problem 1920-1933: A sovereign Debt Perspective”, CEP Discussion Paper No 1155 (July 2012) <https://ideas.repec.org/p/cep/cepdps/dp1155.html>.

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

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

M. Hantke and M. Spoerer, “The imposed gifts of Versailles: the fiscal effects of restricting the size of Germany’s armed forces 1924-9”, *EHR*, 63, 4 (November 2010), 849-864.

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.

N. Crafts, “British relative economic decline revisited: The role of competition”, *EEH* 49 (January 2012), 17-29 (especially pages 21-22).

S. Broadberry and N. Crafts, “Britain’s productivity gap in the 1930s: Some neglected factors”, *JEH* 52 (September 1992), 531-588.

III. The Great Depression

1. Overview

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

*N. Crafts and P. Fearon, “Lessons from the 1930s Great Depression”, *Oxford Review of Economic Policy*, 26, 3 (2010), 318-338. link: <http://oxrep.oxfordjournals.org.myaccess.library.utoronto.ca/content/26/3.toc>

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

N. Crafts and P. Fearon, eds., *The Great Depression of the 1930s: Lessons for Today* (2013), various chapters. [All of the chapters in the book appeared initially as articles in a special issue of the *Oxford Review of Economic Policy*, 26, 3 (2010).]

2. USA

*M. Friedman and A.J. Schwartz, *A Monetary History of the United States, 1867-1960* (1963), Chapter 7, 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), 301-28. **[READINGS]**

G. Richardson and W. Troost, "Monetary Intervention Mitigated Banking Panics during the Great Depression" *Journal of Political Economy*, 117 (December 2009), pp. 1031-1073.

P. Fishback, "US Monetary and Fiscal Policy in the Great Depression", *Oxford Review of Economic Policy*, 26, 3 (2010), 385-413.

B. Bernanke, "Nonmonetary effects of the financial crisis in the propagation of the Great Depression", *American Economic Review*, 73 (June 1983), 257-276.

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), 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), 2-24.

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

C. Romer, "The Nation in Depression", *Journal of Economic Perspectives*, 7 (Spring 1993), pp. 19-39.

B. Eichengreen, *Hall of Mirrors* (2015), selected chapters.

3. International

*R. Grossman and C. Meissner, "International Aspects of the Great Depression and the Crisis of 2007: Similarities, differences, and lessons", *Oxford Review of Economic Policy*, 26, 3 (2010), 318-338. link:

<http://oxrep.oxfordjournals.org.myaccess.library.utoronto.ca/content/26/3.toc>

*N. Wolf, "Europe's Great Depression: Coordination failure after the First World War", *Oxford Review of Economic Policy*, 26, 3 (2010), 339-369. link: <http://oxrep.oxfordjournals.org.myaccess.library.utoronto.ca/content/26/3.toc>

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

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

A. Ritschl, "Reparations, Deficits, and Debt Default: The Great Depression in Germany", CEP Discussion Paper No 1149 (June 2012).

T. Hatton and M. Thomas, "Labour markets in recession and recovery: the UK and the USA in the 1920s and 1930s", Centre for Economic History, Australian National University Discussion Paper 2012-1, March 2012.

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

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

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

W. Hynes, D.S. Jacks, and K. O'Rourke, "Commodity market disintegration in the interwar period", *EREH*, 16 (May 2012), 119-143.

D. Irwin, *Peddling Protectionism: Smooth Hawley and the Great Depression* (2011), especially Chapters 2-3.

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), 297-307.

link: <http://www.jstor.org.myaccess.library.utoronto.ca/stable/2123273>

*C. Romer, "What ended the great depression?" *JEH*, 52 (December 1992), 757-84. link: <http://www.jstor.org.myaccess.library.utoronto.ca/stable/2123226>

*J.R. Vernon, "World War II fiscal policies and the end of the great depression", *JEH* 54 (December 1994), 850-868.

link: <http://www.jstor.org.myaccess.library.utoronto.ca/stable/2123613>

[R.J. Gordon and R. Krenn, "The Great Depression 1939-41: policy contributions](#)

[and fiscal multipliers”, NBER Working Paper 16380 \(2010\).](#)

B. Eichengreen and J. Sachs, “Exchange rates and economic recovery in the 1930s” *JEH*, XLV (Dec 1985), 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), 450-470.

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

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*.]

WINTER TERM

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

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

*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). [available on blackboard]

*Feinstein, Temin, and Toniolo, Chapter 10.

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

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.

D. Comin and B. Hobijn, “Technology diffusion and post-war growth”, Federal Reserve Bank of San Francisco Working Paper Series, June 2010 (1-14, 29-36).

VI. 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). [available on blackboard]

*B. Eichengreen, *The European Economy Since 1945* (2007), Chapters 2, 4. [available on blackboard]

*P. Temin, "The golden age of European economic growth reconsidered" *EREH*, 6 (April 2002), 3-22. [available on blackboard]

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

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.

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).

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).

N. Crafts, "Britain's relative economic decline revisited", *EEH* 49 (January 2012), 22-27.

VII. Institutions and Growth

1. Factor Endowments

*Sokoloff and Engerman (2000). "Institutions, Factor Endowments, and Paths of Development in the New World. *Journal of Economic Perspectives*. link: <http://www.econ.nyu.edu/user/debraj/Courses/Readings/SokoloffEngerman.pdf>

*G. Wright and J. Czelusta (2005). "Exorcising the Resource Curse: Minerals as Knowledge Industry, Past and Present." *Working Paper*: <http://www-siepr.stanford.edu/workp/swp02008.pdf>

*E. Boserup (1970). *Woman's Role in Economic Development* [on blackboard]

*A. Alesina, P. Giuliano, N. Nunn (2013). "On the Origins of Gender Roles: Women and the Plough," *Quarterly Journal of Economics*. link: http://scholar.harvard.edu/files/nunn/files/alesina_giuliano_nunn_qje_2013.pdf

2. Do Institutions Cause Growth?

*E. Glaeser, R. La Porta, F. Lopez-De-Silanes, A. Shleifer (2004). "Do Institutions Cause Growth?" *Journal of Economic Growth*. link: http://homepage.ntu.edu.tw/~kslin/macro2009/Glaeser%20et%20al_2004.pdf

P. Aghion, A. Alesina, F. Trebbi (2007). "Democracy, Technology, and Growth." NBER Working Paper #13180

*W. Easterly (2002). *The Elusive Quest for Growth*. [assigned chapters available on blackboard]

*A. Banerjee and E. Duflo (2012). *Poor Economics: A Radical Rethinking of the way to Fight Global Poverty*. [assigned chapters available on blackboard]

VIII. Demography

1. Age Structure and the Demographic Dividend

*Cutler, David, Angus Deaton and Adriana Lleras-Muney (2006). "The Determinants Of Mortality," *Journal of Economic Perspectives*, v20(3,Summer), 97-120 link: <http://www.jstor.org/stable/30033668>

*D. Bloom, D. Canning, and J. Sevilla (2003). *The Demographic Dividend, A New Perspective on the Economic Consequences of Population Change*. http://www.rand.org/content/dam/rand/pubs/monograph_reports/2007/MR1274.pdf

J.Voth and N.Voigtlander (2013). "How the West Invested Fertility Restriction." *American Economic Review*. link: <http://www.anderson.ucla.edu/faculty/nico.v/Research/EMP.pdf>

IX. Inequality

1. Introduction

*E. Glaeser (2006). "Inequality." *The Oxford Handbook of Political Economy*. link: <http://pcsi.pa.go.kr/files/inequality.pdf>

2. Education and Technology

Acemoglu and Autor (2012). "What Does Human Capital Do? A Review of Goldin and Katz's *The Race between Education and Technology*." *Journal of Economic Literature*, 426- 463. link: <http://economics.mit.edu/files/7490>

*C. Goldin and L. Katz (2010). *The Race Between Skill and Technology*. [assigned chapters available on blackboard]

*C. Goldin and L. Katz (1999). "Decreasing (and then Increasing) Inequality in America: A Tale of Two Half-Centuries."

link:

http://scholar.harvard.edu/files/lkatz/files/decreasing_and_then_increasing_in_equality_in_america_a_tale_of_two_half-centuries.pdf

*C. Goldin and B. Margo (1992). "The Great Compression: The U.S. Wage Structure at Mid-Century." *Quarterly Journal of Economics*.

link: <http://www.jstor.org/stable/2118322>

IV. 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.

X. Globalization Revisited

*J. Bhagwati, *In Defense of Globalization* (2004), Parts 1 and 2. [available on blackboard]

*D. Irwin, *Free Trade Under Fire* (2002). Selected Chapters. [available on blackboard]