

## ECONOMICS 341H1F

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

University of Toronto  
Department of Economics  
2017

#### Course Information

Instructor: Professor J. Cohen  
Email: [jon.cohen@utoronto.ca](mailto:jon.cohen@utoronto.ca)  
Course website: [portal.utoronto.ca](http://portal.utoronto.ca)  
Course Lectures: Tuesday 10-12  
Tutorial (as required): Thursday 2-3  
Office hours: Wednesday 3:00-5:00pm or by appointment in Room 174 GE 150 St.  
George Street.

#### 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 a particular emphasis on international trade and payments, migration, investment, and monetary arrangements.

#### Coursework

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

#### FINAL EXAMINATION:

The **final exam** for the course will be given during the fall examination period and will cover material contained in the lectures and, especially, in 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.) **It will be a two-hour final, composed primarily of essays questions.** You will have ample choice.

#### IN-CLASS QUIZZES:

Each of the three 15-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 based on material covered in lectures up to that point and/or in related starred items on the reading list. They are intended to help students synthesize course material and strengthen writing skills on topics in economic history. Although the stakes are low, the experience is valuable.

Please note that, given the low value of the quizzes, there will be no make-ups.

#### ESSAY OUTLINES AND ESSAYS:

The essay outline is due **24 OCTOBER 2017**. The template is included at the end of the syllabus and will also be posted on the course website under Course Materials. The purpose of the outline is to encourage you to get started on the research for your essay in a timely manner and to provide you with useful feedback. This will ensure that you have a well-defined and worthwhile research topic and that you have some idea about the relevant literature. Essay outlines should be submitted in pdf format via the course website on Blackboard. The procedure is very simple. Log into the website, go to Course Materials, click on Essay Outlines, then follow the prompts.

**The course essay** is due on **21 NOVEMBER 2017**. As with the essay outline, the essay should be submitted in pdf format via the course website. Further details on the essays, including advice on how to write an economic history essay and a list of topics, will be posted on the course website. **The essay should be no longer than six pages, double spaced, not including tables, figures, bibliography, and end notes.**

#### **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 her/him 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 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.

#### **GRADING:**

Your final grade will be based on the following marking scheme:

Three In-Class Quizzes	4% (Each)
Essay Outline	10%
Essay	30%
Final Examination	48%

### **Penalties for Late Submission of the Essay**

Late submissions will receive a deduction of 1 percentage point per day. The very last day that late submissions will be accepted is the last day of fall term classes.

Extensions may be granted for medical reasons if it can be demonstrated that the illness or injury prevented the student from completing the essay on time. To obtain an extension, 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.

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

### **Readings**

#### Fall term:

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. 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.

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 World 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

## TOPICS AND READINGS

### PRE-WORLD WAR II

#### I. Globalization Before 1914 and The Classical Gold Standard

##### 1. Trade Liberalization and Mass Migration

\*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).

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

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

"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/21A8B87E946D4456PQ/52?accountid=14771>

Abramitzky, R., L. Boustan, and K. Eriksson, "A nation of immigrants: Assimilation and economic outcomes in the age of mass migration", *Journal of Political Economy*, 122, 3(2014).

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

\_\_\_\_\_, "Cultural assimilation during the age of mass migration", *NBER Working Paper #22381* (July 2016).

<http://www.nber.org.myaccess.library.utoronto.ca/papers/w22381>

Segueria, S., N. Nunn, N. Qian, "Migrants and the making of America: The short- and long-run effects of immigration during the age of mass migration," *NBER Working Paper 23289* (March 2017).

<http://www.nber.org.myaccess.library.utoronto.ca/papers/w23289.pdf>

Hatton and Williamson, Chapter 5.

##### 2. The Classical Gold Standard: Capital Mobility and the Trilemma

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

\*Alan M. Taylor and Maurice Obstfeld, "Globalization and Capital Markets", *NBER Working Paper 8846* (2002). Pages 1-15, 45-55.

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

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.

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

<http://search.proquest.com.myaccess.library.utoronto.ca/docview/1814253602/fulltext/2A02AFBF98194C62PQ/55?accountid=14771>

### First In-Class Quiz

## 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: A Sovereign Debt Problem?

\*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>.

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>

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.

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

### 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]

\*S. Bowden and D. M. Higgins, “British industry in the interwar years” 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).

<https://journals-scholarsportal-info.myaccess.library.utoronto.ca/browse/00144983/v49i0001>

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

## Second In-Class Quiz

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

P. Fishback, “US Monetary and Fiscal Policy in the Great Depression”, *Oxford Review of Economic Policy*, 26, 3 (2010), 385-413.  
<http://oxrep.oxfordjournals.org.myaccess.library.utoronto.ca/content/26/3.toc>

B. Bernanke, “Nonmonetary effects of the financial crisis in the propagation of the Great Depression”, *American Economic Review*, 73 (June 1983), 257- 276.  
<http://www.jstor.org.myaccess.library.utoronto.ca/stable/i331354>

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

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

C. Romer, “The Nation in Depression”, *Journal of Economic Perspectives*, 7 (Spring 1993), pp. 19-39.  
<http://www.jstor.org.myaccess.library.utoronto.ca/stable/i337436>

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

G. Eggertsson, “Was the New Deal contractionary?” *American Economic Review*, 102, 1 (2012), 524-555.  
<http://www.jstor.org.myaccess.library.utoronto.ca/stable/i40068561>

### 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.



<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).

<http://www.nber.org.myaccess.library.utoronto.ca/papers/w15142>

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

<http://cep.lse.ac.uk/pubs/download/dp1149.pdf>

T. Hatton and M. Thomas, "Labour markets in the interwar period and recovery in the UK and the USA", *Oxford Review of Economic Policy*, 26, 3 (2010), 463-485.

<https://academic-oup-com.myaccess.library.utoronto.ca/oxrep/issue/26/3>

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.

### Third In-Class Quiz

#### 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>

Eggertsson, G., "Great expectations and the end of the depression", *American Economic Review*, 98, 4 (2008), 1476-1516.

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/i29730117>

R.J. Gordon and R. Krenn, "The Great Depression 1939-41: policy contributions and fiscal multipliers", NBER Working Paper 16380 (2010).

<http://www.nber.org.myaccess.library.utoronto.ca/papers/w16380>

"Where does the buck stop? Fiscal multipliers", *The Economist*, 420.9002 (August 13, 2016), pp. 51-52.

<http://search.proquest.com.myaccess.library.utoronto.ca/docview/1811033931/fulltext/E8264EDC8FB942F2PQ/52?accountid=14771>

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

<http://www.jstor.org.myaccess.library.utoronto.ca/stable/i337146><http://www.jstor.org.myaccess.library.utoronto.ca/stable/i337146>

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.

<https://journals-scholarsportal-info.myaccess.library.utoronto.ca/browse/03043932/v56i0004>

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*.]

### THE ESSAYS

Essays should be no longer than six double spaced pages (roughly 1800 words), excluding footnotes or endnotes, bibliography, tables, and figures. The general idea is to choose a topic and define it sufficiently well that you can treat it seriously within the prescribed space. Suggestions of topics are intended to help you get started but do require considerable narrowing and refinement. Students who want to write on a topic that does not appear on the suggestions list must first clear it with me and/or the senior TA, Christine Tewfik. Once you have selected a topic, you are strongly advised to consult with me and/or Christine 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 an important element of essay writing.

In addition to submitting a digital copy of your essay through blackboard (see submission instructions on the course web site), you will be expected to submit a digital copy of your essay to Turnitin.com for the detection of plagiarism. Once again, submission instructions will be posted on the course web site later in the term. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site.

Just to remind you, the essay outline is due 28 October, 2016 and the essays are due 18 November 2016.

### SUGGESTED TOPICS

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. Was the so-called “German reparations problem” an early example of a sovereign debt problem? What, if anything, can we learn from the experience?
3. It is often argued that the pre-WWI gold standard facilitated international trade and foreign investment. Did it? If so, how; if not, why not?
4. Did the inter-war gold foster instability? Discuss with respect to the experience of one or more of the UK, Germany, France, and the US.
5. Did the expansion of foreign trade in the period 1870-1914 promote economic growth? You can focus on a single country such as the UK, Germany, France, or the United States or the international economy as a whole.
6. What caused the post-WWI hyperinflation in one of Germany, Austria, Poland, or Hungary? What were the long-term consequences (if any)?

7. What role (if any) did monetary and/or fiscal policy play in fostering recovery from the Great Depression in one of Great Britain, the United States, Germany, or France?
8. What role did the financial crisis play in the length and severity of the Great Depression?
9. Banking reform in the U.S. in the 1930s – success or failure? Discuss.
10. What happened to inter-allied war debts in the 1920s and 1930s, why, and did it matter?
11. Technological change, employment, and growth: discuss with respect to one or more industries (for example, autos) in one country such as the U.S., Great Britain, Germany, or France during some sub-period between 1870 and 1939.

#### 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%

## Template: Essay Outline (Facsimile)

Name:

Student Number:

**REMINDER: THERE IS A TWO-PAGE FIRM LIMIT.****SECTION 1: Topic and Approach**

In TWO sentences, state the specific question or issue you would like to address in your essay and how you intend to answer or address it. (Please note that you must do more than re-state one of the suggested essay topics. Those topics are broad and need to be refined before they can become the central question of your essay.)

**SECTION 2: Motivation**

Give TWO reasons why you think this question or issue is important.

**1.****2.**

**SECTION 3: Bibliography**

Give THREE sources that you intend to use to address your topic and explain (in a sentence or two for each) why you chose them. At least one of the sources should come from outside of the reading list. Be discriminating in your choices – books and articles vary enormously in quality.