

UNIVERSITY OF TORONTO
Department of Economics

ECONOMICS 342H1: INTERNATIONAL ECONOMICS AFTER 1945
Winter, 2019 (EM001: T 10AM – 1PM)

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Office Hours: Wednesdays 1:00 – 3:00 PM in SS2119

<u>Evaluation</u>	1 Page Class Presentation	5%
	Seminar Participation	5%
	Midterm Exam (BT101) February 12: 10:00 – 11:00 AM	15%
	15 page essay due March 19	25%
	Final Exam (3 hours) Final Exam Period (April 6 - 30)	50%

This course surveys the interplay of exchange rates, international trade, and growth in the Bretton Woods and post-Bretton Woods eras of the post-World War II boom, the inflation of the 1970s, and the slower growth of the 1980s and 1990s. There are no textbooks, though we have significant readings from Eichengreen (2008). Instead we rely on readings that are all available electronically. I will post all the readings on the website.

We will use the 10 – 11AM hour for seminars led by students and the 11AM – 1PM hours for lectures. I will post lecture notes before each lecture on our website by Monday evening; download and read them so that you can concentrate on the main points during the lectures.

The final exam is a combination of short-answer and essay type questions with some choice in questions answered. The midterm is just short-answer questions with some choice. The exams cover only the material in the lecture notes

Each student must also write a 15 page essay (12 point type, double spaced, normal margins) critically examining **ALL** the articles on a topic chosen from a list posted on our website on Blackboard. Students may look up additional sources to expand their research but need not do so. The paper is due March 19. I will only accept essays during lectures and there are no extensions. The penalty for lateness is 5% for the first week (March 26) and 15% for the second week (April 2). Late essays are not eligible for remarking.

“Students must submit their course essays to Turnitin.com (Quercus) for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of the Turnitin.com service are described on the Turnitin.com web site.”

We will divide the class into 4 groups of approximately 30 students each for the Thursday seminars. Two groups will have seminars in EM001 and two groups will meet in VC206 starting in the second week. There are 10 seminar dates (February 16 is the midterm and the first Thursday is an introduction) so each student will attend 5 biweekly seminars as part of their group. Each student will sign up for a written and oral presentation on one of the readings and attend the other 4 seminars as a participant. The written presentation accounts for 5% of the total mark and consists of a 1 page review (12 point type, double-spaced, normal margins submitted to me at the beginning of the seminar) of designated pages from an assigned author and a brief presentation of the review to the class. You must give the 1 page review to me or the TA at the beginning of the seminar. The presentation gives **the right to get one participation mark for a comment or question per seminar** in the other seminars of your group. You also get 1 participation mark for an effective oral presentation and for answering a question in the seminar that you conduct. If you miss your presentation, you must provide

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documentation of a legitimate reason, submit your original presentation, and do a replacement presentation on another topic.

OUTLINE OF LECTURES AND READINGS (POSTED ON WEBSITE)

January 8 **European Growth, 1945 -1992: An Overview**

‘Post-war Growth: An Overview’ in Nicholas Crafts and Gianni Toniolo (1996), *Economic Growth in Europe since 1945*, pp. 1-37

January 15 Seminar: Crafts & Toniolo (1996), 8-25.

Lecture: **Bretton Woods Regime: 1945-1971**

‘The Bretton Woods System’, Barry Eichengreen. *Globalizing Capital*, 2008, Ch. 4, 91-122

January 22 Seminar: Eichengreen (2008), 91-118

Lecture: **Reconstruction of Europe: 1945 -1970**

‘Conclusions’, A.S. Milward (1984) in *The Reconstruction of Western Europe: 1945-51*, London, , pp. 356-85.

‘Remedies’, J.M. Keynes (1919), in *Economic Consequences of the Peace*, London, ch. VII

January 29 Seminar: Milward (1984) ‘Argument’: 366-85 and J.M. Keynes (1919): 261-82.

Lecture: **Export-led Growth**

‘Balance of Payments Constrained Growth Models: History and Overview’, A. P. Thirlwall (2012). *Models of Balance of Payments Constrained Growth*, Elias Soukiakis and Pedro Andre Cerquera, Palgrave MacMillan, pp. 11-43.

‘Why did the Tariff-Growth Correlation Change after 1950?’, Clemens, Michael A. and Jeffrey G. Williamson (March, 2004), *Journal of Economic Growth*, Vol. 9, No. 1, pp. 5-56.

February 5 Seminar: Export-led Growth

Thirlwall (2012): pp. 11-20, 41-43; Clemens and Williamson (2004): pp. 5-12, 30-31.

Lecture: **Convergence and Catch-up: Solow Growth Model**

‘A Contribution to the Empirics of Economic Growth’, N. Gregory Mankiw, David Romer and David N. Weil. *Quarterly Journal of Economics*, Vol. 107, No. 2 (May, 1992), pp. 407-437.

February 12 **MIDTERM: 10:00 – 11:00 AM in BT101**

Endogenous Growth and Technological Change

‘The Rise and Fall of American Technological Leadership: The Postwar Era in Historical Perspective’, Richard R. Nelson and Gavin Wright (December, 1992), *Journal of Economic Literature*, Vol. XXX, pp. 1931-1964.

‘Adam Smith, Allyn Young, and the Division of Labor’, Ramesh Chandra (Sep., 2004), *Journal of Economic Issues*, Vol. 38, No. 3, pp. 787-805

February 26 Seminar: Convergence and Catch-up; Mankiw (1992), pp. 407-429

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Savings and Investment

“The Golden Age of European Growth Reconsidered”, Peter Temin (April, 2002). *European Review of Economic History*, Vol. 6, No. 1, pp. 3-22.

Lucas, Robert E. Jr. (1988), “On the economics of economic development”. *Journal of Monetary Economics*, 22, pp. 3-42.

March 5 Seminar: Nelson and Wright (1992): 1950-1962; Temin (2002): 9-19

Japan

“The Post-war Japanese Economy, 1945-73”, Yukata Kosai (1997). Chapter 4, Kozo Yamamura (ed.) *Economic Emergence of Modern Japan*, 1997, pp. 159-202

“Postwar Recovery (1945 – 1964), David Flath. *The Japanese Economy*, 2005, pp 71 - 92.

March 12 Seminar: 1950-1962; Kosai (1997): 159-170; Flath (2005): 85-92

Dollar Crisis and Collapse of Bretton Woods

“Battle for Sterling’ and ‘Crisis of the \$’, Barry Eichengreen. *Globalizing Capital*, 2008, 122-134

“The Bretton Woods International Monetary System: A Historic Overview”, Michail D. Bordo (1993), in Michael D. Bordo and Barry J. Eichengreen, *A Retrospective on the Bretton Woods system: lessons for international monetary reform*. National Bureau of Economic Research, Chicago, 1993, pp. 4-97.

March 19 Seminar: Eichengreen (2008), pp. 122-134; Bordo (1993), pp. 73-85

The Oil Crisis and Inflation

“Black Gold: The End of Bretton Woods and the Oil-Price Shocks of the 1970s”, David Hammes and Douglas Wills, *The Independent Review*, Vol. 9, No. 4 (Spring 2005), pp. 501-511

Triffin, Robert, (Winter, 1978), “The International Role and Fate of the Dollar”. *Foreign Affairs*, Vol. 57, No. 2, pp. 269-86.

March 26 Seminar: Hammes and Wills (2005), pp. 501-511; Triffin (1978): pp. 269-79

Developing Countries: Import Substitution or Export-led?

“Brave New World’ and ‘Asian Crisis’ \$’, Barry Eichengreen. *Globalizing Capital*, 2008, 185-198

“Trade can be Good for Development”, Joseph E. Stiglitz and Charlton, Andrew. *Fair Trade for All: How Trade Can Promote Development. Initiative for Policy Dialogue Series C*, 2005, 11-40

April 2 Seminar: Eichengreen (2008): 185-198; Stiglitz (2005): pp. 11 -22

Brexit and Trump: Migration and Convergence