

Economics 115
The World Economy in the Twentieth Century
Spring 2007
12:30-2:00 p.m., Hearst Annex, Room A1

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SYLLABUS and READING LIST

Economics 115 is an upper division course for undergraduates. Advanced concepts, where used, are developed from first principles, although students who have taken Intermediate Macroeconomics and Microeconomics will find the material most accessible. Some knowledge of International Economics is also helpful. Class meets three hours a week, section one hour a week.

Admission. According to Department policy, you must attend your first section meeting or your space in this course will be given to another student. The instructor and TAs do not have the power to admit students to the course (or to readmit you if you are dropped). Students not already enrolled and wishing admission must consult the following website for instructions:
<http://emlab.berkeley.edu/econ/ugrad/enrollmentprocs.html>. Economics Department policies determine admissions priorities.

Sections. Consult the online schedule of classes for the most up-to-date information.

Readings. Most of the items with web links are accessible from campus by linking through <http://sunsite2.berkeley.edu:8000>.

Readers. Readers are available from *Copy Central North* on Hearst at Euclid by North Gate. Items that can be downloaded directly from the web are bound separately in a second volume. A few items are not available in the reader (or the web) because permission to reprint (or link) was denied. Copies of these items are on reserve at Moffitt Library. The text for the course is Barry Eichengreen, *Globalizing Capital* (Princeton 1998, paperback edition), for sale at the ASUC store and your favorite on-line bookseller. The book and reader are also on reserve at Moffitt.

Grades. Your grade will be based on one problem set and two in-class midterms (each of which will account for 20% of the grade), and the final exam (40%).

In Lieu of Handouts. This syllabus, midterms, and final are the only materials that will be distributed in class. All other materials, including the problem set, will be available exclusively on the Economics 115 web page. The class website is password protected. The password will be given out in class.

Office Hours. The instructor's office hours for this course are on Wednesday 2-3 PM, in 603 Evans Hall. Appointments are necessary and may be made by emailing Cheryl Applewood at capple@econ.berkeley.edu.

Make-Up Exams, etc. Make-up midterms and finals will be administered to students providing a documented medical excuse for missing the regular exam. You must contact your TA by the following day or you will receive a zero for the exam. Written documentation (from Student Health Services or equivalent) should be submitted to your TA. If you require special accommodation for exams due to learning or other disability, you should speak with your TA at the beginning of the semester. You will also need to obtain documentation from the Disabled Students Program.

Many students have special circumstances (family events, job interviews, campus activities) that cause them to request to take the exam on alternative dates. If we accede to one such request then we are obliged to accept all of them, and we lack the resources to write and proctor many separate exams. This is advance notice that make-up exams are given only for students with documented medical excuses. If you may have a conflict, you should consider a different course.

On Academic Honesty. Any form of cheating will result in a score of zero on that assignment or exam and in the student being reported to the Office of Student Conduct. Cheating on the final exam will automatically result in an "F" for the course.

READING LIST

Jan. 16: Introductory Meeting (goals of the course, mechanics)

Paul David, "Clio and the Economics of QWERTY," *American Economic Review Papers and Proceedings* 75: 2 (May 1985), pp. 332-337, <http://uclibs.org/PID/877>.

Jan. 18: No meeting

Jan. 23: Preconditions for 20th Century Growth

Lant Pritchett, "Divergence, Big Time," *Journal of Economic Perspectives* (Summer 1997), pp. 3-17, <http://uclibs.org/PID/1011>.

Moses Abramovitz, "Catching Up, Forging Ahead, and Falling Behind," *Journal of Economic History* 46 (1986), pp. 385-406, <http://uclibs.org/PID/907>.

Richard Sylla and Gianni Toniolo, "Introduction," in Richard Sylla and Gianni Toniolo (eds), *Patterns of European Industrialization During the 19th Century*, London: Routledge (1991), pp. 1-26.
On Reserve at Moffitt.

Jan. 25: Globalization at the Beginning and End of the Century

Deepak Nayyar, "Globalization, History, and Development: A Tale of Two Centuries," *Cambridge Journal of Economics* 30 (2006), pp. 137-159.
<http://cje.oxfordjournals.org/cgi/reprint/30/1/137>

Stephen Roach, "Global Speed Trap," *Morgan Stanley Global Economic Forum* (11 September 2006), <http://www.morganstanley.com/views/gef/archive/2006/20060911-Mon.html#anchor0>

Jan. 30: International Capital Markets

Barry Eichengreen, "A Century of Capital Flows," in Barry Eichengreen, *Capital Flows and Crises* (MIT Press, 2003), pp. 13-46. On Reserve at Moffitt.

Feb. 1: The International Monetary Architecture

Barry Eichengreen, *Globalizing Capital* (Princeton University Press, 1996), chapter 2, pp. 7-44. On Reserve at Moffitt.

Feb. 6: The End of the First Age of Globalization

Patricia Clavin, *The Great Depression in Europe* (St. Martin's, 2000), chapters 1-3, pp. 7-87. On Reserve at Moffitt.

Niall Ferguson, "Sinking Globalization," *Foreign Affairs* (March/April 2005), 64-77.

<http://www.foreignaffairs.org/20051201faessay84711/niall-ferguson/sinking-globalization.html>

Feb. 8: Onset of the Great Depression

Jeremy Atack and Peter Passell, *A New Economic View of American History* (W.W. Norton, 1994), chapter 21, pp. 583-624. On Reserve at Moffitt.

Barry Eichengreen, "The Origins and Nature of the Great Slump Revisited," *Economic History Review* XLV (1992), pp. 213-239, <http://uclibs.org/PID/8711>.

Feb. 13: Recovery from the Great Depression

Barry Eichengreen, *Globalizing Capital*, chapter 3, pp. 45-92. On Reserve at Moffitt.

Problem set posted.

Feb. 15: Interwar Unemployment

John Garraty, *The Great Depression* (Harcourt-Brace, 1986), pp. 100-126. On Reserve at Moffitt.

Daniel Benjamin and Levis Kochin, "Searching for an Explanation for Unemployment in Interwar Britain," *Journal of Political Economy* 87 (1979), pp. 441-478, <http://uclibs.org/PID/918>.

Feb. 20: Reconstructing the World Economy

Peter Howlett, "The Legacy of the Second World War," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change Since 1945* (Longman, 1999), chapter 1, pp. 5-22. On Reserve at Moffitt.

Till Geiger, "Reconstruction and the Beginnings of European Integration," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change since 1945* (Longman, 1999), chapter 3, pp. 23-41. On Reserve at Moffitt.

Problem set collected at the beginning of class.

Feb. 22: Europe's Golden Age

N.F.R Crafts, "The Great Boom, 1950-73," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change since 1945*, chapter 4, pp. 42-62. On Reserve at Moffitt.

Feb. 27: The Japanese Miracle

David Flath, *The Japanese Economy* (Oxford University Press, 2000), chapter 4, pp. 71-93.
On Reserve at Moffitt.

Edward Lincoln, *Japan: Facing Economic Maturity* (Brookings Institution Press, 1987), chapter 2, pp. 14-68. Concentrate on pp. 14-25. On Reserve at Moffitt.

March 1: First Midterm**March 6: The Asian Miracle**

James Riedel, "Economic Development in East Asia: Doing What Comes Naturally?" in Helen Hughes (ed.), *Achieving Industrialization in East Asia*, (Cambridge, 1988), pp. 1-38.
On Reserve at Moffitt.

Dani Rodrik, "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, (1995) pp. 55-107, <http://papers.nber.org/papers/w4964.pdf>

March 8: Rise and Fall of Bretton Woods

Barry Eichengreen, *Globalizing Capital*, chapter 4, pp. 93-135. On Reserve at Moffitt.

Michael Dooley, David Folkerts-Landau and Peter Garber, "An Essay on the Revived Bretton Woods System," NBER Working Paper no. 9971 (September 2003),
<http://papers.nber.org/papers/w9971.pdf>.

March 13: European Integration

Daniel Barbazat and Larry Neal, *The Economics of the European Union and the Economics of Europe* (Oxford University Press, 1998), chapter 4, pp. 70-87. On Reserve at Moffitt

Barry Eichengreen, *Globalizing Capital*, chapter 5, pp. 136-187. On Reserve at Moffitt

Paul De Grauwe, *Economics of Monetary Union*, (Oxford, 2000, 4th ed.), chapters 1 and 3, pp. 5-22 and 58-76. On Reserve at Moffitt.

March 15: Decline and Fall of the Eastern Bloc

Richard Ericson, "The Classical Soviet-Type Economy: Nature of the System and Implications for Reform," *Journal of Economic Perspectives* 5 (Fall 1991), pp. 11-28, <http://uclibs.org/PID/1011>.

William Easterly and Stanley Fischer, "The Soviet Economic Decline," *World Bank Economic Review* 9 (September 1995), pp. 341-371. <http://www.nber.org/papers/w4735.pdf>.

March 20: The Transition from Plan to Market

World Bank, *Transition: The First Ten Years, Analysis and Lessons for Eastern Europe and the Former Soviet Union*, chapter 1, pp. 3-20. Washington, D.C.: World Bank (2002),
[http://lnweb18.worldbank.org/ECA/eca.nsf/Attachments/Transition1/\\$File/complete.pdf](http://lnweb18.worldbank.org/ECA/eca.nsf/Attachments/Transition1/$File/complete.pdf)

March 22: German Economic and Monetary Unification

Hans-Werner Sinn, "Germany's Economic Unification: An Assessment after Ten Years," NBER Working Paper no. 7586 (March 2000), <http://papers.nber.org/papers/w7586.pdf>.

Michael Berlemann and Marcel Thum, "Blooming Landscapes in East Germany?" *CESifo Forum* 6 (Winter 2005), pp. 16-22.

<http://www.cesifogroup.de/pls/guestci/download/CESifo%20forum%202005/CESifo%20Forum%204/2005/forum4-05-focus3.pdf>

April 3: Emerging Market Crises of the 1990s

Steven Radelet and Jeffrey Sachs, "The East Asian Financial Crisis: Diagnosis, Remedies, Prospects," *Brookings Papers on Economic Activity* 1 (1998), pp. 1-74, 88-90,

http://www.sussex.ac.uk/Units/economics/ma_int2/bpeasia2.pdf.

Michael Bordo and Anna J. Schwartz, "Why Clashes Between Internal and External Stability Goals End in Currency Crises," *Open Economies Review* 7 (suppl. 1, 1996), pp. 437-468,

<http://papers.nber.org/papers/w5710.pdf>.

April 5: The Role of the IMF

Kenneth Rogoff, "The Sisters at 60," *The Economist*, London: July 24, 2004. Vol. 372:8385, pp. 66-73. http://post.economics.harvard.edu/faculty/rogoff/papers/Sisters_at_60.pdf

Rodrigo de Rato, "Is the IMF's Mandate Still Relevant?" (January 2005),

<http://www.imf.org/external/np/vc/2005/010105.htm>

April 10: China

Jeffrey Sachs and Wing Thye Woo, "Understanding China's Economic Performance," NBER Working Paper no. 5935 (February 1997), <http://papers.nber.org/papers/w5935.pdf>.

John McMillan and Barry Naughton, "How to Reform a Planned Economy: Lessons from China," *Oxford Review of Economic Policy* 8 (1992), pp. 130-143, <http://uclibs.org/PID/30891>

Dwight Perkins, "China's Recent Economic Performance and Future Prospects," *Asian Economic Policy Review* 1, pp. 1-42,

<http://www.blackwell-synergy.com/doi/pdf/10.1111/j.1748-3131.2006.00002.x#search=%22chinas%20recent%20economic%20performance%20perkins%22>

April 12: Second Midterm

April 17: India

Brad DeLong, "India since Independence: An Analytical Growth Narrative," unpublished manuscript, UC Berkeley,

http://www.j-bradford-delong.net/Econ_Articles/India/India_Rodrik_DeLong.html.

Dani Rodrik and Arvind Subramanian, "From 'Hindu Growth' to Productivity Surge: The Mystery of the Indian Growth Transition," NBER Working Paper no. 10376 (March 2004),

<http://papers.nber.org/papers/w10376.pdf>.

April 19: Latin America: Crisis, Adjustment, and Reform

Jeromin Zettelmeyer, "Growth and Reforms in Latin America: A Survey of Facts and Arguments," IMF Working Paper no. WP/06/210 (September 2006), <http://www.imf.org/external/pubs/cat/longres.cfm?sk=19436>

John H. Coatsworth, "Structures, Endowments, and Institutions in the Economic History of Latin America," *Latin American Research Review* 40 (2005), pp. 126-144, http://muse.jhu.edu/journals/latin_american_research_review/v040/40.3coatsworth.html

John Williamson, "After the Washington Consensus: Latin American Growth and Sustainable Development," Keynote speech at the seminar on Latin American Financing, Belo Horizonte, Brazil, 30 March 2006, <http://www.iie.com/publications/papers/williamson0306.pdf#search=%22after%20washington%20consensus%20williamson%22>

April 24: Africa

Jeffrey Sachs and David Bloom, "Geography, Demography and Economic Growth in Africa," *Brookings Papers on Economic Activity* (1998), pp. 207-295. <http://www.jstor.org/search/BasicSearch?si=1&hp=25&Search=Search&Query=geography%2C+demography%2C+bloom>

Daron Acemoglu, Simon Johnson and James A. Robinson, "The Colonial Origins of Comparative Development," NBER Working Paper no. 7771 (June 2000), <http://papers.nber.org/papers/w7771.pdf>.

April 26: Problems of the Japanese Economy

Edward J. Lincoln, "Making Some Sense of the Japanese Economy," Japan Policy Research Institute Working Paper 94, September 2003, <http://www.jpri.org/publications/workingpapers/wp94.html>

"Special Report on Japan's Economy: Time to Arise from the Great Slump," *Economist Magazine* (22 July), pp. 65-67, http://www.economist.com/finance/displaystory.cfm?story_id=7189583

May 1: Prospects for Europe

Olivier Blanchard, "The Economic Future of Europe," NBER Working Paper no. 10310 (March 2004). <http://papers.nber.org/papers/w10310.pdf>

Alberto Alesina and Francesco Giavazzi, *The Future of Europe: Reform or Decline*, Cambridge, MA: MIT Press (2006), pp. 15-30, 43-56. On Reserve at Moffitt.

May 3: A New Economy?

Nicholas Crafts, "The Solow Productivity Paradox in Historical Perspective," CEPR Discussion Paper no. 3142 (January 2002), http://www.j-bradford-delong.net/articles_of_the_month/pdf/Newsolow.pdf.

Menzie D. Chinn, "Getting Serious About the Twin Deficits," Council Special Report Number 10, New York: Council on Foreign Relations (September 2005). http://wage.wisc.edu/uploads/News/Twin_DeficitsTF.pdf

May 8: Review of Semester's Themes