

January 14, 2008

Economics 115
The World Economy in the 20th Century
Spring 2008
Tues. & Thurs. 12:30-2:00 p.m.
2040 Valley Life Sciences

Barry Eichengreen
Department of Economics
University of California, Berkeley

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 meets one hour a week.

Admission. According to Department policy, you must attend your first section meeting or your space 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 this website for instructions:

<http://emlab.berkeley.edu/econ/ugrad/enrollmentproc.shtml>

Economics Department policies and not your instructor and TAs determine admissions priorities.

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

Text and Readings. 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. Items with web links should be accessible by linking through <http://sunsite2.berkeley.edu:8000>.

Readers. Readers are available from Copy Central on Hearst at Euclid by North Gate. Only items that cannot be downloaded from the web are included in the reader. 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.

Grades. Your grade will be based on two in-class midterms (each of which will account for 30% of the grade) and the final exam (40%). No make-up exams will be administered. All students are expected to take the final exam at the scheduled time. The exam group for this course is 15. The final exam will therefore be administered on Tuesday, May 20, 5:00-8:00 p.m. Students missing one midterm will have the weights on the remaining midterm adjusted to 40% and the final to 60%. Students missing two midterms or the final should not expect to pass the course.

In Lieu of Handouts. This syllabus, midterms, and final are the only materials that will be distributed in class. All other materials will be available exclusively on the Economics 115 web page:

http://emlab.berkeley.edu/users/webfac/eichengreen/e115_sp08/e115_sp08.shtml

Office Hours. The instructor's office hours for this course are on Wednesday 1-3 p.m. in 603 Evans Hall. Appointments are necessary and may be made by emailing Cheryl Applewood at capple@econ.berkeley.edu.

Graduate Student Instructors. The following are the graduate student instructors for this course:

Adam Gomolin	adamgomolin@gmail.com
Changcheng Song	songcc02@gmail.com
Jonathan Rose	jdr@econ.berkeley.edu

Special Accommodation. 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.

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.

READING LIST

Jan. 22: 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://links.jstor.org/sici?sici=0002-8282%28198505%2975%3A2%3C332%3ACATEOQ%3E2.0.CO%3B2-I>

Jan. 24: Modern Economic Growth

Lant Pritchett, "Divergence, Big Time," *Journal of Economic Perspectives* (Summer 1997), pp. 3-17, <http://links.jstor.org/sici?sici=0895-3309%28199722%2911%3A3%3C3%3ADBTT%3E2.0.CO%3B2-T>

Richard Sylla and Gianni Toniolo, "Introduction: Patterns of European Industrialization during the 19th Century," 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. 29: Globalization at the Beginning and End of the Century

Richard E. Baldwin and Philippe Martin, "Two Waves of Globalisation: Superficial Similarities, Fundamental Differences," NBER Working Paper no. 6904 (January 1999), <http://papers.nber.org/papers/w6904.pdf>

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

Jan. 31: International Capital Markets

Kevin O'Rourke and Jeffrey Williamson, "Forging and Breaking Global Capital Markets," in *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (MIT Press, 1999), chapter 11, pp. 207-224. On reserve at Moffitt.

Feb. 5: The International Monetary Architecture

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

Feb. 7: The End of the First Age of Globalization

Charles Feinstein, Peter Temin and Gianni Toniolo, *The European Economy Between the Wars* (Oxford 1997), chapters 2-5, pp. 18-102. 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. 12: 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.

Charles Feinstein, Peter Temin and Gianni Toniolo, *The European Economy Between the Wars* (Oxford 1997), chapter 6, pp. 103-124. On reserve at Moffitt.

Feb. 14: Recovery from the Great Depression

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

Feb. 19: Interwar Unemployment

John Garraty, *The Great Depression* (Harcourt-Brace, 1986), chapter 5, 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* 87:3 (1979), pp. 441-478, <http://links.jstor.org/sici?sici=0022-3808%28197906%2987%3A3%3C441%3ASFAE0U%3E2.0.CO%3B2-X>

Feb. 21: 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.

Feb. 26: 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. 28: The Japanese Miracle

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

March 4: 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 6: 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 11: First Midterm

March 13: European Integration

Larry Neal and Daniel Barbazat, *The Economics of the European Union and the Economies 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, 2005, 6th ed.), chapters 1 and 3, pp. 5-23 and 65-84. On reserve at Moffitt.

March 18: 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* 5:4 (Fall 1991), pp. 11-28, <http://links.jstor.org/sici?sici=0895-3309%28199123%295%3A4%3C11%3ATCSENO%3E2.0.CO%3B2-E>

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

Johannes Linn, "Ten Years of Transition in Central Europe and the Former Soviet Union: The Good News and the Not-So-Good News," in Mario Blejer and Marko Skreb (eds.), *Transition: The First Decade* (MIT Press, 2002), pp. 15-44. On reserve at Moffitt.

April 1: German Economic and Monetary Unification

Hans-Werner Sinn, "The Withering East," in *Can Germany Be Saved?* (MIT Press, 2007), First part of chapter 5, pp. 139-161. On reserve at Moffitt.

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

Andrew Berg, "The Asian Crisis: Causes, Policy Responses and Outcomes," IMF Working Paper no. 99/138 (October 1999),
<http://www.imf.org/external/pubs/cat/longres.cfm?sk=3295.0>

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.

April 8: The Role of the IMF

Joseph Stiglitz, "What I Learned at the World Economic Crisis," *New Republic* 222:16/17, (April 17, 2000), pp. 56-60.

<http://www.mindfully.org/WTO/Joseph-Stiglitz-IMF17apr00.htm>

[Alternate link](#)

http://www2.gsb.columbia.edu/faculty/jstiglitz/download/opeds/What_I_Learned_at_the_World_Economic_Crisis.htm

Barry Eichengreen, "A Blueprint for IMF Reform," *International Finance* 10:2, 2007
http://www.econ.berkeley.edu/~eichengr/blueprint_imf_reform.pdf

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* 8:1 (1992), pp. 130-143,
<http://pao.chadwyck.com/articles/displayItem.do?QueryType=articles&ResultsID=116541CA9FAC42757&filterSequence=0&ItemNumber=1&journalID=f637>

Eswar Prasad, "Is the Chinese Growth Miracle Built to Last?" IZA Discussion Paper no. 2995, August 2007, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1012561

April 15: 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 Subraminaian, "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 17: Second Midterm

April 22: Africa

Jeffrey Sachs, "Institutions Matter, but Not for Everything: The Role of Geography and Resource Endowments in Development Shouldn't be Underestimated," *Finance and Development* (June 2003), pp. 38-41.

<http://www.imf.org/external/pubs/ft/fandd/2003/06/pdf/sachs.pdf>

Daron Acemoglu, Simon Johnson and James A. Robinson, "The Colonial Origins of Comparative Development," NBER Working Paper no. 7771 (June 2000),

<http://nber15.nber.org/papers/w7771>

April 24: Latin America: Crisis, Adjustment, and Reform

Jeromino 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

April 29: The Arab Economies

Marcus Noland and Howard Pack, *The Arab Economies in a Changing World* (Peterson Institute for International Economics, 2007), chapter 2 pp. 19-57

http://www.petersoninstitute.org/publications/chapters_preview/3931/02ie3931.pdf

and chapter 7 pp. 187-207

http://www.petersoninstitute.org/publications/chapters_preview/3931/07ie3931.pdf

May 1: 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>

"Time to Arise from the Great Slump: Special Report," *Economist Magazine* (20 July 2006), pp. 65-67, http://www.economist.com/finance/displaystory.cfm?story_id=7189583

May 6: Prospects for Europe

Barry Eichengreen, "Europe's Coming Resurgence," *Milken Review* (forthcoming), available on course website:

http://emlab.berkeley.edu/users/webfac/eichengreen/e115_sp08/e115_sp08.shtml

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 8: Review of the Semester's Themes