ECON90056
World Economic History

SUBJECT GUIDE

Semester 2 2013

Prepared by
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Faculty of Economics and Commerce
A. Subject coordinator

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To access the subject LMS site:
http://www.lms.unimelb.edu.au
[Use the same username and password that you use to access your University of Melbourne email account.]

B. Lectures times

Each week there is a 2-hour class (Tuesday 9-11; Alan Gilbert – Theatre 2); and a 1-hour class (Thursday 12-1; Alan Gilbert – Room 124).

I’ve organized the subject so that each week we’ll cover a different topic – usually a major phase or episode in the development of economic activity. In the 2-hour class I’ll present an overview of the topic. The 1-hour class will be devoted to a detailed treatment of a major reading on the topic (and you will each have a turn at doing a presentation).

C. Assessment

<table>
<thead>
<tr>
<th>Assessment 1 – 10%</th>
<th>In-class presentation (Presentation + written summary) (10%)</th>
<th>Due: 1 week after presentation</th>
<th>Hand to me</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment 2 – 10%</td>
<td>Book review (1000 words) (10%)</td>
<td>Due: Friday October 26</td>
<td>Hand to me</td>
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<tr>
<td>Assessment 3 – 40%</td>
<td>Replication study</td>
<td>Due: Late November</td>
<td>Hand to me</td>
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<tr>
<td>Assessment 4 – 40%</td>
<td>Final exam (Take-home)</td>
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Assessment 1 is an in-class presentation of an assigned reading. Grading will depend on the quality of your presentation, and on a written summary of your presentation (to be submitted one week after the presentation).

Assessment 2 is a book review. I will provide a recommended list of books you can choose from (and I’ll buy you a copy of the book). You are also free to make your
own choice of book, in consultation with me. The review should provide a brief summary of the contents, and an evaluation of its contribution to the literature on the history of economic development.

Assessment 3 is a replication study. For this assessment I’d like you to: (i) Find an article on a topic relevant to this subject where you are able to replicate the empirical analysis that has been done (and have me approve the article); (ii) Undertake a replication study of the article (or parts of the article); (iii) Write up the findings from your study. I’ll meet with you several times during the semester to discuss your choice of research question and your progress. An example of a replication study that has recently attracted attention is: Thomas Herndon, Michael Ash and Robert Pollin (2013), ‘Does high public debt consistently stifle economic growth?: A critique of Reinhart and Rogoff’, Political Economy Research Institute, University of Massachusetts Amherst, Working paper no.322; access at: ‘http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_301-350/WP322.pdf’

Assessment 4 is a take-home exam. We will discuss timing and duration of the exam to fit your schedules. At present I’m planning for the exam to have two questions – one asking about a general theme from the subject; and another that will ask you to draw on the assigned readings.

D. Subject description and objectives

This subject provides an introduction to the development of economic activity and material well-being in the world primarily in the past 200 years. The main objectives are to present an overview of the main phases and episodes in the evolution of the world economy, and to develop an understanding of the role of factors such as geography, institutions, technological change and culture in explaining economic development. Topics to be covered include: Measuring economic development and main patterns of growth; The Malthusian economy; European colonial expansion and the rise of trading economies; The agricultural revolution and the Industrial Revolution; The rise of the American economy; The rise of settler economies (including Australia); New ways of producing – the firm, the modern labour market and the household; The Great Depression; World Wars and economic activity; The main eras of globalization in the world economy; The evolution of international trade and finance; The rise and decline of the mixed economy in the West; The rise of the Japanese economy and the Asian miracle; State planning and market economies in China and Russia; The Great Divergence – India and Africa.

Students who complete this subject will be able to:
• Explain the importance of economic activity for the well-being of societies;
• Describe the main phases and episodes in the history of the world economy over the past 300 years;
• Explain the roles of economic theory and analysis of historical data and evidence for understanding the causes of events and patterns in the world economy;
• Explain the role of technological advancement for understanding economic development and its diffusion;
• Explain the role of factors such as geography, political and legal institutions, culture, and economic policy in the development of the world economy; and
• Use their knowledge of the history of the world economy to inform analysis of current developments in economies in different countries.

E. General references

Some general economic histories of the world economy are:
*Ferguson, Niall (2011), Civilisation (Allen Lane).

Books which propose particular theories for why economic development occurs are:
Morris, Ian (2011), Why the West Rules – For Now (Strauss and Girroux-Farrar).
Mokyr, Joel (1990), The Lever of Riches (Oxford University Press).

Books about the international economy and globalisation throughout history:
O’Rourke, Kevin and Alan Taylor (1999), Globalization and History (MIT Press)

References on specific periods and episodes in the history of the world economy are:
*Mokyr, Joel (2009), The Enlightened Economy* (Penguin).

Other interesting books that are about (quite different) influences on the history of economic activity are:

Some books where historians describe their discipline:

Books that review the history of major economic thinkers:
Pressman, Steven (1999), *Fifty Major Economists* (Routledge).

[* = Recommended for book review]
F. Outline of classes and reading

**Week 1 - Introduction**: The big questions and some big (possible) explanations; Methods and measurement of well-being

July 30 (Tuesday)

August 1 (Thursday)

**Week 2 - The Malthusian economy**:

August 6 (Tuesday)

August 8 (Thursday)

**Week 3 – The Industrial revolution**:

August 13 (Tuesday)
Allen, Robert (2011), ‘Why the industrial revolution was British: commerce, induced invention, and the scientific revolution’, *Economic History Review*, 64, 357-84.


Pincus, Steven and James Robinson (2010), ‘What really happened during the Glorious Revolution?’ , mimeo.


August 15 (Thursday)


**Week 4 – The rise of trade and the rise of the US:**

August 20 (Tuesday)


Hatton, Tim and Jeffrey Williamson (2005), Global Migration and the World Economy (MIT Press), chapter 2.


August 22 (Thursday)

**Week 5 – The Great Depression:**

August 27 (Tuesday)
Wapshott, Nicholas (2011), Keynes/Hayek (Scribe).

August 29 (Thursday)

**Week 6 – Post-WW2 and the GFC:**

September 3 (Tuesday)
Blanchard, Olivier, Giovanni Dell’Ariccia and Paolo Mauro (2010), ‘Rethinking macroeconomic policy’, IMF SPN/10/03.

September 5 (Thursday)

Week 7 – Settler economies:

September 10 (Tuesday)
McLean, Ian (2007), ‘Why was Australia so rich?’, Explorations in Economic History, 44, 635-56.

September 12 (Thursday)

Week 8 – Japan, the HPAEs and India:

September 17 (Tuesday)

September 19 (Thursday)
**Week 9 – Russia and China:**

September 24 (Tuesday)

September 26 (Thursday)

**Week 10 – Africa:**

October 8 (Tuesday)

October 10 (Thursday)

**Week 11 – The Middle East:**

October 15 (Tuesday)
Metzer, Jacob (1998), The Divided Economy of Mandatory Palestine (Cambridge University Press), pp.1-27
Méouchy Nadine and Sluglett, Peter (eds.) (2004), The British and French Mandates in Comparative Perspectives (Brill), pp. 1-20.

October 17 (Thursday)

**Week 12 – Bringing it all together**

October 22 (Tuesday)
October 24 (Thursday)

Review lecture + Presentation of replication studies.
G. Faculty of Economics and Commerce Teaching and Learning Unit

The FBE Centre for Excellence in Learning and Teaching (CELT) provides services and resources to enhance your learning in Business and Economics. Maximise your academic success by taking part in CELT services that develop:
- Skills in research, referencing and academic writing
- Mastery of different assignment types
- Effective study techniques
- Abilities to learn effectively with your peers
- Transition to the faculty and understanding of academic expectations

The Centre also provides an extensive range of helpsheets that can enhance your academic performance in Business and Economics. These are available online or at the Centre.
Visit the CELT site at: www.fbe.unimelb.edu.au/celt.

H. Plagiarism

It is the policy of the Department of Economics that attention be drawn to the nature and serious consequences of plagiarism and collusion.

Plagiarism
Plagiarism is the act of representing as one’s own original work the creative works of another, without appropriate acknowledgement of the author or source. (Creative works may include published and unpublished written documents, interpretations, computer software, designs, music, sounds, images, photographs, and ideas or ideological frameworks gained through working with another person or in a group. These works may be in print and/or electronic media.)

Collusion
Collusion is the presentation by a student of an assignment as his or her own which is in fact the result in whole or in part of unauthorised collaboration with another person or persons. Collusion involves the cooperation of two or more students in plagiarism or other forms of academic misconduct. Both the student presenting the assignment and the student(s) willingly supplying unauthorised material (colluders) are considered participants in the act of academic misconduct. There is no objection to assignments being discussed in a preliminary way among students. What is not permissible is anything in the nature of joint planning and execution of an assignment.

Where an allegation of academic misconduct involving either plagiarism or collusion is upheld, significant penalties such as deprivation of credit for a subject or component or assessment can be imposed.

The Faculty of Business and Economics Teaching and Learning Unit has developed a web-based ‘Academic Honesty Module’ that allows you to learn more about and test your knowledge of plagiarism and collusion. I encourage you strongly to complete this module at: http://tlu.ecom.unimelb.edu.au/AcademicHonestyTest/index.cfm
Final examination

Answer two questions. The word limit for each answer is 2000 words. Return by 8pm on Thursday November 1.

1. ‘All you need to know to understand the history of global economic development in the past 250 years is: (i) That the Industrial Revolution commenced in the mid-1700s; and (ii) The idea of ‘catch-up and convergence.’”

Do you agree with this statement? How much about the economic development of individual countries in the past 250 years do you think can be understood just by knowing that the Industrial Revolution happened and about the idea of catch-up and convergence? What aspects of global economic development do you think cannot be explained in this way?

2. Suppose that the World Bank as appointed you as a consultant to advise on the prospects for economic development in a country currently classified on the UN HDI as having Low human development. How could knowledge of the history of economic development inform your advice? (For example, does a historical perspective tell you what background information on the country you should ask for?; or how you would go about evaluating its prospects for development?)

3. ‘Learning from history is a laudable objective, but unfortunately impossible. The problem is not that history has no lessons to give us; rather we have no idea what history is.’

Discuss this statement based on an evaluation of research that we have studied in the subject.