ECON90056
World Economic History

SUBJECT GUIDE

Semester 2 2014

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 1-hour class (Tuesday 2.15-3.15; Alan Gilbert G20); and a 2-hour class (Wednesday 1-3; Old Metallurgy-103).

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 1-hour class I’ll present an overview of the topic. The 2-hour class will be devoted to a detailed treatment of two major readings on the topic. You will each have a turn at doing a presentation of one of these readings, and I’ll present the others.

C. Assessment

<table>
<thead>
<tr>
<th>Assessment 1 – 10%</th>
<th>In-class presentation of article (Presentation + written summary) (10%)</th>
<th>Due: Written summary - 1 week after presentation</th>
<th>Hand to me</th>
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<tbody>
<tr>
<td>Assessment 2 – 10%</td>
<td>Participation in class discussion of articles (10%)</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.

Assessment 2 is a mark that will be based on your participation in class discussion of the two articles that we will cover each week. Marks will be determined on the basis of: Evidence of preparation; Making a sustained contribution to class discussion; Quality of comments; Respect for others’ views and ability to integrate your own comments into a general discussion.

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 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, WP 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. The exam will require you to answer two questions. The 2012 and 2013 are appended at the end of this Subject Guide.

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)
Chanda, Nayan (2007), Bound Together (Yale University Press).

References on specific periods and episodes in the history of the world economy are:
Mokyr, Joel (2009), The Enlightened Economy (Penguin).
Allen, Robert (2009), The British Industrial Revolution in Global Perspective (Cambridge University Press).
Wolf, Martin (2008), Fixing Global Finance (Johns Hopkins University Press).

Other interesting books about 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).
F. Outline of classes and reading

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

July 29 (Tuesday)

July 30 (Wednesday)

Week 2 - The Malthusian economy:

August 5 (Tuesday)

August 6 (Wednesday)
Week 3 – The Industrial revolution:

August 12 (Tuesday)
Mokyr, Joel (2009), The Enlightened Economy (Penguin).
Allen, Robert (2011), ‘Why the industrial revolution was British: commerce, induced invention, and the scientific revolution’, Economic History Review, 64, 357-84.

August 13 (Wednesday)

Week 4 – The rise of trade and the rise of the US (and other settler economies):

August 20 (Tuesday)
Hatton, Tim and Jeffrey Williamson (2005), Global Migration and the World Economy (MIT Press), chapter 2.

August 21 (Wednesday)
Week 5 – The Great Depression:

August 26 (Tuesday)

August 27 (Wednesday)

Week 6 – Post-WW2:

September 2 (Tuesday)

September 3 (Wednesday)
Week 7 – The GFC and the rise of the rich:

September 9 (Tuesday)

September 10 (Wednesday)

Week 8 – Japan, the HPAEs and India:

September 16 (Tuesday)

September 17 (Wednesday)
Week 9 – Russia and China:

September 23(Tuesday)

September 26 (Thursday)

Week 10 – Africa:

October 7(Tuesday)

October 8(Wednesday)
Week 11 – The Middle East:

October 14 (Tuesday)
Metzer, Jacob (1998), The Divided Economy of Mandatory Palestine (Cambridge University Press), pp.1-27

October 15 (Wednesday)

Week 12 – Bringing it all together

October 21 (Tuesday)
October 22 (Wednesday)

Review lecture + Presentation of replication studies.
G. 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.
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.
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World Economic History  
Semester 2, 2013  

Final examination

Answer two questions. The word limit for each answer is 2000 words. Return by 12 midday on Monday November 4.

1. “The debate over the role of institutions in economic development has become dangerously simplified. The vague concept of ‘institutions’ has become, almost tautologically, the target for all efforts to improve an economy” (Jeff Sachs).

Do you think that it is possible to understand why the history of economic development has differed between countries solely on the basis of their institutions?

2. In the twentieth century, in a variety of countries, governments have sought to promote industrialisation. Why did the governments adopt this strategy? Explain how different governments sought to implement the strategy in different ways. What were the outcomes from these attempts to promote industrialisation? Do you think there are lessons for developing countries today from these experiences?

3. “The historian...is bound to generalize; and, in doing so, provides general guides for future action which, though not specific predictions, are both valid and useful...” (E.H. Carr, 1961, What is History?, pp.68-69).

Discuss the potential value and limitations of using knowledge of global economic development to predict future events or to guide future behaviour or decision-making. Illustrate your answer using examples from at least two different historical phases or using the experiences of at least two different countries.