

ECONOMICS 322: EVOLUTION OF THE GLOBAL ECONOMY

Instructor: Prof. Chiaki Moriguchi
Email: chiaki@northwestern.edu
Office: 3222 Andersen Hall, Dept. of Economics
Lecture Time: Tuesday & Thursday 2:00-3:20
Class Room: University Hall 102
Office Hours: Appointment by email
Blackboard Course Website: <https://courses.northwestern.edu/>
Teaching Assistant: Renato Gomes
Email: r-gomes@northwestern.edu

COURSE DESCRIPTION:

This course studies the long-run evolution of the global economy and explores the process of international integration in product, labor, and capital markets from the pre-industrial period to present (1500-2000). During the last few centuries, the world experienced a dramatic growth in trade, migration, and financial integration between nations, eventually shaping the “new global economy” as we call it today. How did it happen? What were the dynamic forces behind the process? What are its economic implications? The course examines historical conditions that facilitated or hindered the process of market integration and discusses the impact of globalization on nation’s economic development and welfare.

PREREQUISITES: ECONOMICS 201, 202, 281, 310-1 and 311.

EVALUATION METHOD: problem sets (20%), midterm exam (40%), and final exam (40%).

READINGS: All required readings are available online: please go to “Course Information” at the Blackboard Course Website (<https://courses.northwestern.edu/courses/>). Strongly recommended textbook: Cameron & Neal, *A Concise Economic History of the World* (Oxford University Press, 2002 or previous editions). Weakly recommended textbook: Kenwood & Lougheed, *The Growth of the International Economy, 1820-2000* (Routledge 1999).

REMARKS: The course will be based on two textbooks and the reading materials consisting of book excerpts and journal articles. The textbooks will provide a good overview and basic historical facts, while the articles and book excerpts will provide detailed observations, analyses, and interpretations. Generally, there will be two articles or excerpts assigned per class in addition to a portion of the textbooks. In my lecture, I will cover what I consider to be the most important part of the textbooks and try to facilitate class discussion based on the analysis presented in the articles and excerpts. Therefore, all students in this course are encouraged to look over the assigned articles and book excerpts in advance. Students with a weak background in economic history will greatly benefit from reading Cameron & Neal; students with a strong background in economic history will also find it useful. Cameron & Neal is thus strongly recommended. Kenwood & Lougheed is somewhat dry and will be used primarily as a data source. Warning: students who plan to skip lectures and study by themselves may need to purchase both Cameron & Neal and Kenwood & Lougheed.

EVALUATION: Grades will be based on four problem sets and two exams. The midterm exam will be on October 19 (Thu) at our regular class time, and the final exam will be on December 7 (Thu) at 3-5PM. The midterm exam will cover the materials from Classes 1-9, and the final exam will cover the materials from Classes 11-18. I will also encourage student participation during the lectures. Although I would not base an explicit part of the grading on participation, in borderline grade cases, I will consider class participation as an important factor in determining the final grade.

CLASS SCHEDULE & READING ASSIGNMENTS

Note: The schedule below is tentative and may change as we proceed. Please check the course website regularly!

1. September 19 (Tue): Introduction & Overview

Irwin, D. "The United States in a New Global Economy? A Century's Perspective" *American Economic Review* 86 (May 1996): 41-46.

2. September 21 (Thu): Medieval Europe Before 1500

North, D. "Institutions," *Journal of Economic Perspectives* 5 (Winter 1991): 97-112.
Cameron & Neal, Chapter 3.

3. September 26 (Tue): China & Islam Before 1500

Kennedy, P. *Rise and Fall of the Great Powers* (Vintage Books, 1987), Chapter 1.
Cameron & Neal, Chapter 4.

4. September 28 (Thu): European Expansion, 1500-1800: Technology & Institutions

Greif, A. "Reputation and Coalitions in Medieval Trade: Evidence on the Maghribi Traders," *Journal of Economic History* 49 (December 1989): 857-882.
Rosenberg, N. & Birdzell, L. *How the West Grew Rich* (Basic Books, 1986), Chapter 4.
Cameron & Neal, Chapter 5.

5. October 3 (Tue): European Expansion, 1500-1800: Trade & Migration

Irwin, D. "Mercantilism as Strategic Trade Policy," *Journal of Political Economy* 99 (1991): 1296-1314.
Galenson, D. "The Rise and Fall of Indentured Servitude in the Americas," *Journal of Economic History* 44 (March 1984): 1-26.
Cameron & Neal, Chapter 6.

6. October 5 (Thu): Commodity Market Integration, 1800-1913

Irwin, D. "The United States in a New Global Economy? A Century's Perspective" *American Economic Review* 86 (May 1996): 41-46. (Read again.)
O'Rourke & Williamson, "Late Nineteenth-Century Anglo-American Factor-Price Convergence," *Journal of Economic History* 54 (December 1994): 892-916.
Cameron & Neal, Chapters 8 & 12; Kenwood & Lougheed, Chapters 1 & 5.

Problem Set #1 due Oct. 6 (Fri), 5PM.

7. October 10 (Tue): Capital Market Integration, 1800-1913

Cameron & Neal, Chapter 12; Kenwood & Lougheed, Chapters 2 & 7.

8. October 12 (Thu): Labor Market Integration, 1800-1913

Grubb, F. "The End of European Immigrant Servitude in the United States," *Journal of Economic History* 54 (December 1994): 794-824.
Hatton & Williamson. "What Drove the Mass Migrations from Europe in the Late Nineteenth Century?" *Population and Development Review* 20 (September 1994): 533-59.
Kenwood & Lougheed, Chapter 3.

Problem Set #2 due Oct. 13 (Fri), 5PM.

9. October 17 (Tue): Political Economy, 1850-1920

Rogowski, R. "Political Cleavages and Changing Exposure to Trade" *American Political Science Review* 81 (December 1987): 1121-1137.
Williamson, J. "Globalization, Labor Markets, and Policy Backlash in the Past," *Journal of Economic Perspectives* 12 (Fall 1998): 51-72.
Cameron & Neal, Chapter 12; Kenwood & Lougheed, Chapter 4.

10. October 19 (Thu): Midterm Exam

11. October 24 (Tue): Disintegration, 1914-1945: WWI

Keynes, J.M. *Essays in Persuasion* (Norton, 1963), Chapter 2.
Cameron & Neal, Chapter 14: Kenwood & Lougheed, Chapters 11, 12, 14.

12. October 26 (Thu): Disintegration, 1914-1945: Great Depression

Romer, C. "The Nation in Depression," *Journal of Economic Perspectives* 7 (Spring 1993): 19-39.
Temin, P. "Transmission of the Great Depression," *Journal of Economic Perspectives* 7 (Spring 1993): 87-102.
Kenwood & Lougheed, Chapter 13.

13. October 31 (Tue): Reintegration, 1946-2000: Technology & Economic Growth

Baumol, W. "Productivity Growth, Convergence and Welfare: What the Long-Run Data Show." *American Economic Review* 76 (December 1986): 1072-85.
Nelson, R. & Wright, G. "The Rise and Fall of American Technological Leadership: The Postwar Era in Historical Perspective." *Journal of Economic Literature* 30 (December 1992): 1931-64.
Cameron & Neal, Chapters 13 & 15.

14. November 2 (Thu): Reintegration, 1946-2000: Global Commodity Market

Irwin, D. "The GATT in Historical Perspective." *American Economic Review* 85 (May 1995): 323-328.
Cameron & Neal, Chapter 16.

15. November 7 (Tue): Reintegration, 1946-2000: Vertical and Horizontal MNEs

Feenstra, R. "Integration of Trade and Disintegration of Production in the Global Economy." *Journal of Economic Perspectives* 12 (Fall 1998): 31-50.
Markusen, J. "The Boundaries of Multinational Enterprises and the Theory of International Trade." *Journal of Economic Perspectives* 9 (Spring 1995): 169-189.
Kenwood & Lougheed, Chapter 18.

Problem Set #3 due Nov. 8 (Wed), 5PM.

16. November 9 (Thu): Reintegration, 1946-2000: Global Capital Market

Obstfeld, M. "The Global Capital Market: Benefactor or Menace?" *Journal of Economic Perspectives* 12 (Fall 1998): 9-30.
Kenwood & Lougheed, Chapters 16 & 17.

17. November 14 (Tue): Reintegration, 1946-2000: Global Labor Market

Borjas, G. "Self-Selection and Earnings of Immigrants." *American Economic Review* 77 (September 1987): 531-537. (Introduction & Theoretical Framework only).

18. November 16 (Thu): Globalization & Its Future, 2000-

Kumar & Russel, "Technological Change, Technological Catch-up, and Capital Deepening." *American Economic Review* 93 (June 2002): 527-548.
Kenwood & Lougheed, Chapters 20 & 21.

Problem Set #4 due Nov. 17 (Fri), 5PM.

19. November 21 (Tue): Summary

November 23 (Thu): No Class — Happy Thanksgiving!

November 27–December 1: WCAS Reading Period

December 7 (Thu) 3:00-5:00PM: Final Exam