

12I002

3 ECTS

The Rise of the Global Economy

Overview and Objectives

1. What is the main weakness of the Hansen-Prescott paper?
2. Discuss the value of settler mortality as an instrument
3. Find a critique of Avner Greif's Maghribi trader paper, and assess its significance.
4. Why did the interwar gold standard fail where the pre-war gold standard succeeded?

All problem sets are due before class, on paper.

IMPORTANT: You can access files from the university network. You may have problems accessing them from home.

Required Activities

Starred readings are compulsory, and class discussion is based on them; others are relevant for the exam and may be touched upon in class.

Problem Sets [deadlines TBC]

Evaluation

Take home exam.

Materials

1 Starting conditions and the very long run [lecture notes 1]

John M. Keynes, "Economic Possibilities for Our Grandchildren", New York: W.W. Norton & Co., 1963, pp. 358-373.

Oded Galor, From Stagnation to Growth: Unified Growth Theory. In: Ph. Aghion and S. Durlauf, Handbook of Growth, Elsevier 2005. pp. 172-218

*Michael Kremer, "Population Growth and Technological Change: One Million B.C. to 1990", Quarterly Journal of Economics 108 (1993), pp. 681-716.

*Jared Diamond, Guns, Germs and Steel. NYC: Norton 1997, Ch. 3-4.

Jacob Weisdorf, "From Foraging to Farming: Explaining the Neolithic Revolution",

The Journal of Economic Surveys, Volume 19 Issue 4 Page 561-586, September 2005.

*Romain Wacziarg, Enrico Spolaore, "The Diffusion of Development", Quarterly Journal of Economics 2009.

*Diego Comin, William Easterly, and Erick Gong, "Was the Wealth of Nations Determined in 1000 BC?", Harvard wp. 2007.

2 The Origins of Modern Growth [see lecture notes 1]

*Oded Galor, Omer Moav, "Natural Selection and the Origins of Economic Growth", Quarterly Journal of Economics, 117 (2002), pp. 1133-1192.

*Acemoglu, Daron, Fabrizio Zilibotti, "Was Prometheus Unbound by Chance? Risk, Diversification, and Growth", JPE, Vol. 105, No. 4. (Aug., 1997), pp. 709-751.

*Hansen, Gary D., and Edward C. Prescott. 2001. "Malthus to Solow", The American Economic Review, Vol. 92, No. 4 (Sep., 2002), pp. 1205-1217

Crafts, Nick. 1985, British Economic Growth During the Industrial Revolution, p. 70- 88.

The Small and the Great Divergence [lecture notes 2]

* Steve Broadberry, Bishnu Gupta, "The Early Modern Great Divergence: Wages, Prices and Economic Development in Europe and Asia, 1500-1800", CEPR working paper.

Acemoglu, Daron, Simon Johnson, and James A.

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Robinson. The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth. American Economic Review 2005.

* Acemoglu, Daron, Simon Johnson, and James A. Robinson, The Colonial Origins of Comparative Development: An Empirical Investigation. American Economic Review. December 2001, 91: 1369-1401.

North, Douglass and Barry Weingast, Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England, Journal of Economic History 49 (4): 803-32.

Voigtlaender, Nico and Hans-Joachim Voth. 2006. Why England? Demographics, Living Standards and the First Industrial Revolution. Journal of Economic Growth. [presentation]

Voigtlaender, Nico and Hans-Joachim Voth. 2010. The Three Horsemen of Growth: Plague, War and Urbanization in Early Modern Europe. UPF manuscript. [presentation]

Voigtlaender, Nico and Hans-Joachim Voth. 2010. The Three Horsemen of Growth: Plague, War and Urbanization in Early Modern Europe. UPF manuscript. [presentation]

Trade before the Industrial Revolution [lecture notes 3]file:///localhost/Users/andrealacambra/Downloads/itfd_3.pdf

*Avner Greif. Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition. American Economic Review, Vol. 83, No. 3 (June, 1993): 525-48.

*O'Rourke, Kevin H., and Jeffrey G. Williamson. After Columbus: Explaining the Global Trade Boom 1500–1800. Working Paper Series no. 8186, National Bureau of Economic Research (March) 2001.

Jonathan Hersh, Hans-Joachim Voth, Sweet Diversity: Colonial Goods and the Rise of European Living Standards after 1492. UPF working paper

Peter Temin, "Mediterranean Trade in Biblical Times", in Eli Heckscher, International Trade, and Economic History, edited by Ronald Findlay, et al. (Cambridge: MIT Press, 2006), pp. 141-56.

The Industrial Revolution and the long 19th century [lecture notes 4]

Oded Galor, Andrew Mountford, "Trade and the Great Divergence: The Family Connection", American Economic Review, May 2006.

*NFR Crafts, British Economic Growth During the Industrial Revolution, Oxford: OUP 1985, ch. 7.

Jörg Baten, Dorothee Crayen, Hans-Joachim Voth, "Poor, Hungry and Stupid: Numeracy and the Impact of

High Food Prices in Industrializing Britain, 1780-1850", UPF wp. [presentation]

*Clark, G. "Why Isn't the Whole World Developed? Lessons from the Cotton Mills." Journal of Economic History 47 (March 1987): 141-73.

*Temin, Peter. "Two Views of the British Industrial Revolution." Journal of Economic History 57, no. 1 (1997): 63–82.

Hans-Joachim Voth, "Time and Work in Eighteenth-Century London", Journal of Economic History 58 (1998): 29-58.

Commercial policy and trade [lecture 5]

*Nye, J. V. C. "The Myth of Free-Trade Britain and Fortress France." Journal of Economic History 51 (1991): 23-46.

*O'Rourke, Kevin H. "Tariffs and Growth in the Late 19th Century." Economic Journal 110 (2000): 456–83.

*Irwin, D. A. "Welfare Effects of British Free Trade: Debate and Evidence from the 1840s." Journal of Political Economy 96 (1988): 1142-65.

Capital markets and movements [lecture notes 5]file:///localhost/Users/andrealacambra/Downloads/itfd_6.pdf

*Michael Bordo, Barry Eichengreen, Daniela Klingebiel, and Maria Martinez-Peria, "Is the Crisis Problem Growing More Severe?", January 2001.

*William O. Brown, Richard C.K. Burdekina, Marc D. Weidenmier, "Volatility in an era of reduced uncertainty: Lessons from Pax Britannica", Journal of Financial Economics 79(2006).

*Paolo Mauro, Nathan Sussman and Yishay Yafeh. "Emerging Market Spreads: Then and Now." Quarterly Journal of Economics 117 (2) 2002, pp. 695-733.

The Rise and Fall of the Gold Standard

*Bordo, Michael D., and Hugh Rockoff. "The Gold Standard as a "Good Housekeeping Seal of Approval"." Journal of Economic History 56, no. 2 (1996): 389–428.

*López-Córdova, J. Ernesto, and Chris Meissner. "Exchange-Rate Regimes and International Trade: Evidence from the Classical Gold Standard Era." American Economic Review 93 (2003).

Obstfeld, Maurice, and Alan M. Taylor. 2003. Sovereign Risk, Credibility, and the Gold Standard: 1870–1913 versus 1925–31. Economic Journal 113 (April): 1–35.