

## **Economics of Globalization: An Historical Perspective**

### **Economics 220:307**

Michael D. Bordo  
Spring 2014

#### **Class Times and Location**

Monday and Thursday, 9:50-11:10 a.m. in Murray Hall 208

**Note:** First class meeting will be Monday, January 27

**Office Hours:** Monday, Thursday 11:20 -1230 or by appointment

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#### **Course Description:**

In the past two decades, globalization defined as the integration of goods, labor and financial markets has been a powerful force in the global economy. It has led to heated debate. The debate has played vociferously into the political arena in every country and the international financial institutions.

The recent era of globalization is not unique. Evidence on migration, trade flows and capital flows suggests that integration in the 1870-1914 period was in some dimensions as extensive or more so than in the present. However just as in the current era, capital flows were fickle leading to waves of financial crises in the emerging economies of the day and calls for protection against free trade and mass immigration led to a backlash against globalization. The course will consider these issues.

#### **Prerequisites**

01:220:300 or 01:220:335 or 01:220:336

#### **Course Requirements**

The requirements for the course are a term paper worth 30% of the grade, a midterm worth 20% and a final examination worth 50% of the grade.

**Final Exam: Monday, May 12 8:00-11:00 a.m.**

#### **Textbooks (Required)**

Michael Graff, A.G. Kenwood and A.L.Lougheed. The Growth of the International Economy 1820 – 2013. Routledge 2013.

Robert C. Feenstra and Alan M. Taylor. Essentials of International Economics. Worth 2012

### **Additional texts (Not Required).**

James Foreman Peck. A History of the World Economy: International Economic Relations Since 1850. Second Edition. Harvester Wheatsheaf. 1995

Articles on the reading list if possible will be placed on the course's Sakai website.

### **Schedule of Topics and Readings**

#### **1. Globalization in Historical Perspective: Overview.**

##### **Required Readings:**

Michael Bordo “Globalization in Historical Perspective” Business Economics 2002  
(<http://econweb.rutgers.edu/bordo/Nabe.pdf>)

Michael Bordo “Globalization in Historical Perspective” Annex to IMF World Economic Outlook. May 1997 pp 112-116.  
(<http://www.imf.org/external/pubs/weomay/chapter5.pdf>)

##### **Supplementary Readings**

“Globalization in Interdisciplinary Perspective: A Panel.” In Michael D. Bordo, Alan Taylor and Jeffrey Williamson. Globalization in Economic Perspective. University of Chicago Press. 2003

Rondo Cameron and Larry Neal A Concise Economic History of the World . Fourth Edition. Chapters 12-16.

#### **2. The Basics of International Trade.**

##### **Required Readings:**

Robert Feenstra and Alan Taylor. Essentials of International Economics . chapters 1,2, 4 and 7

Jeffrey Williamson “Globalization, Convergence and History” Journal Of Economic History . Vol 56. No.2 1996 pp 1-30. (<http://www.jstor.org/stable/pdfplus/2123967.pdf>)

### **3. Commodity Trade in Historical Perspective**

#### **Required Readings:**

M. Graff, A.G. Kenwood and A.L. Loughheed. The Growth of the International Economy 1820-2013. Chapters 1,4,5,14,19

#### **Supplementary Readings**

James Foreman Peck A History of the World Economy: International Economic Relations Since 1850. Chapters 3,4,6, 10 and 13.

Robert Findlay and Kevin O'Rourke. "Commodity Market Integration, 1500-2000" Chapter 1 in Michael Bordo, Alan Taylor and Jeffrey Williamson, Globalization in Historical Perspective. 2003.

### **4. Migration in Historical Perspective**

#### **Required Readings:**

Feenstra and Taylor chapter 5

Graff, Kenwood and Loughheed chapter 3

#### **Supplementary Readings**

Foreman Peck chapter 8

Barry Chiswick and Timothy Hatton "International Migration and the Integration of Labor Markets" chapter 2 in Bordo, Taylor and Williamson Globalization in Historical Perspective. 2003

### **5. Capital Flows in Historical Perspective**

#### **Required Readings:**

Taylor and Feenstra and Taylor chapter 17

Kenwood and Loughheed chapter 2

Michael Bordo “ The Globalization of Financial Markets: What Can History Teach us? In Leonardo Auernheimer ( ed) International Financial Markets. University of Chicago Press. University of Chicago Press 2002.

Maurice Obstfeld and Alan Taylor “ Globalization and Capital Markets “ in Bordo, Taylor and Williamson Globalization in Historical Perspective 2003  
([www.nber.org/papers/w8846](http://www.nber.org/papers/w8846))

### **Supplementary Readings**

Foreman Peck chapter 7

## **6. Monetary Regimes and Globalization.**

### **Required Readings:**

Graff, Kenwood and Lougheed chapters 7,12,13, and 18

Michael Bordo “ Monetary Standards” Oxford Encyclopedia of Economic History 2003

### **Supplementary Readings**

Michael Bordo “ The Gold Standard, Bretton Woods and Other Monetary Regimes: an Historical Appraisal” in Dimensions of Monetary Policy: Essays in Honor of Anatole B. Balbach. Federal Reserve Bank of St. Louis Review Special Issue. April-May 1993.  
(<http://www.nber.org/papers/w4310.pdf>)

Foreman Peck chapters 5,9,11 and 14

## **7. Core versus Periphery**

### **Required Readings:**

Jeffrey Williamson Globalization and the Poor Periphery Before 1950. MIT Press 2006

### **Supplementary Readings**

Michael Bordo and Marc Flandreau. “ Core, Periphery Exchange Rate Regimes and Globalization” in Bordo, Taylor and Williamson. Globalization in Historical Perspective. ([www.nber.org/papers/w8584](http://www.nber.org/papers/w8584))

Marcello de Cecco Money and Empire : The International Gold Standard. Rowman and Littlefield 1974

## **8. Financial Crises and Globalization**

### **Required Readings:**

Robert Aliber and Charles Kindleberger Manias, Panics and Crashes. Sixth Edition. Palgrave MacMillan 2011

Michael Bordo “ Historical Evidence on Financial Crises” Chapter III Recessions and Recoveries. IMF World Economic Outlook. April 2002  
(<http://www.imf.org/external/Pubs/FT/weo/2002/01/pdf/chapter3.pdf>)

### **Supplementary Readings**

Michael Bordo and Barry Eichengreen “ Crises Now and Then: What Lessons from the Last Era of Globalization” in Paul Mizen (ed) Monetary History, Exchange Rates and Financial Markets : Essays in Honor of Charles Goodhart. Vol 2 Edward Elgar 2003  
([http://www.nber.org/papers/w8716.pdf?new\\_window=1](http://www.nber.org/papers/w8716.pdf?new_window=1))

Michael Bordo and Christopher Meissner “ Financial Crises , 1880-1913: The Role of Foreign Currency Debt” in S. Edwards, S. Esquivel and G. Marquez ( eds-. Growth, Protection and Crises : Latin America from an Historical Perspective. University of Chicago Press 2007 (<http://www.nber.org/papers/w11897>)

Carmen Reinhart and Kenneth Rogoff. This Time is Different: Eight Centuries of Financial Folly, Princeton University Press 2009

## **9. Backlash against Globalization: The Great Depression**

### **Required Readings:**

Harold James. The Creation and Destruction of Value: The Globalization Cycle. Harvard U Press 2009

### **Supplementary Readings**

Michael Bordo

Review of “The End of Globalization” Finance and Development. Washington DC 2002  
(<http://www.imf.org/external/pubs/ft/fandd/2002/03/books.htm>)

## **10. The Financial Crisis of 2007-2008: A Global Crisis**

### **Required Readings:**

Michael Bordo “ An Historical Perspective on the Crisis of 2007-2008” **NBER Working Paper 14569**

Michael Bordo and Harold James, “ The Great Depression Analogy” **NBER Working Paper 15584**

### **Suggested reading**

Neil Irwin, **The Alchemist: Three Central Bankers and a World on Fire**. Penguin 2013

## **11. Globalization and Integration**

### **Required Readings:**

Michael Bordo and Lars Jonung “The Future of EMU: What Does the History of Monetary Unions Tell Us ?” . in Forrest Capie and Geoffrey Wood ( eds) Monetary Unions MacMillan 2003 ([http://www.nber.org/papers/w7365.pdf?new\\_window=1](http://www.nber.org/papers/w7365.pdf?new_window=1))

Michael Bordo and Harold James “ A Long- Term Perspective on the Euro” NBER Working Paper no. 13815 February 2008  
([http://www.nber.org/papers/w13815.pdf?new\\_window=1](http://www.nber.org/papers/w13815.pdf?new_window=1))

## **12. Globalization and the IMF**

### **Required Readings:**

Joseph Stiglitz Globalization and Its Discontents. WW Norton 2003

Kenneth Rogoff “ The IMF Strikes Back” Foreign Policy Magazine January/ February 2003. (<http://imf.org/external/np/vc/2003/021003.htm>)

### **Economics 307: Economics of Globalization: An Historical Perspective**

Term Paper: The typical term paper should be no longer than 12 pages including footnotes and references and it is due no later than May 5.

#### **Suggested Topics**

Any topic relevant to Globalization in Historical Perspective. The following is suggestive.

1. What is the relationship between globalization and financial crises?
2. What is the relationship between globalization and exchange rate regimes?
3. Does Globalization contribute to peace or war?
4. Great Britain and the First Era of Globalization
5. France and the First Era of Globalization
6. The U.S. and the Second Era of globalization
7. Globalization and trade protection
8. Globalization and mass migration.
9. Globalization and poverty.
10. Globalization and the distribution of Income.
11. China and Globalization
12. The Global Crisis of 2007-2008