

**University of California, Berkeley  
Political Economy Group Major**

**PEIS 160A**

**POLITICAL ECONOMY IN HISTORICAL CONTEXT: The Twentieth Century: Economies, Societies,  
Polities, Technologies**

**Summer Session, 2010**

**Course Syllabus**

*Instructor:*

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TBA

Messages for the instructor and GSIs may be left on E-mail.

*Course Website:* ANGEL system

**Introduction:**

The world today is more different—in its economies, in its forms of political organization, in its sociological dynamics, and perhaps most of all in the technologies we use and abuse every day—than the world of 1870 was from the world of 1820, or indeed than the world of 1870 was from the world of 500 BC. We who live on this globe now are who we are because the history of the past century and a half has taken the form that it has. And that history is predominantly economic and technological—and secondarily political and sociological. This course, PEIS 160A, tries in its too-short time and space to tell the story of the past century and a half. It focuses on four principal themes:

- The extraordinary technology and economic change-driven explosion in global wealth over the past century and a half.
- The extraordinary and striking rise in global inequality over the past century and a half in spite of the huge number of technological and organizational changes that have made the world much smaller.
- The tearing-apart of the world by ideologies of terror and total control that have their roots in economic and social change and in economic ideologies.
- The uneven and unsuccessful attempts of governments to manage and stabilize their changing economies.

PEIS 160A is an upper division course for undergraduates. It counts as a historical context course for the political economy major and as an upper-division economics course for the economics major. It cannot be taken for credit along with Econ 115. Students who have never seen economic reasoning before will have difficulty, although concepts are developed from first principles. IAS 106, 107 and 45, and PEIS 100 would be helpful, as would a little knowledge of international economics.

The course will stress the learning goals of critical thinking, specialized historical and institutional knowledge, and model-based problem-solving Skills. For details on learning goals, see [http://emlab.berkeley.edu/econ/ugrad/ugrad\\_goals.shtml](http://emlab.berkeley.edu/econ/ugrad/ugrad_goals.shtml).

This is economics. That means that lots of information that comes to us comes in quantitative, countable form. The tools of arithmetic and algebra are very powerful ways of analyzing such information, and we think that you learn a lot more if you use them. Hence we are planning five problem sets. This is also history. That means that lots of information comes to us in narrative and literary form as stories of actions and their consequences. This means that there will be a lot of reading in this course as well—and enough writing to exercise your prose-writing muscles.

This is the University of California at Berkeley, the finest public university in the world and, according to some, the finest university in the world. That has implications for the workload of this course. You are all upper-middle class or upper class for America today in your future options and your expectations if not if not in the size of your parents' houses and incomes. You are in your options and expectations much richer than the average taxpayer of California. Yet, even at today's reduced state funding levels, the taxpayers of California are spending \$10,000 a year subsidizing your education. Why are they doing this? Because they believe that if your brains get crammed full of knowledge and skills then many of you will do great things—things that will redound to the benefit of the state, the country, and the world. Therefore it is our business to cram your brains full of knowledge and skills, which means that the workload for this class will be heavy. It is then your business to go out and try to do great things—and if those great things happen to involve a lot of money, remember the investment that the poorer-than-you taxpayers of California made in your education, and pass some of the resources you will earn on to your successors here at Berkeley.

**Course credits:**

Four (4) semester hours.

**Prerequisites/Placement:**

Econ 1 or equivalent.

**Required and Recommended Readings:**

Students should purchase three books for the course:

- Eric Hobsbawm, *The Age of Extremes* (Vintage, 1996).
- Barry Eichengreen, *Globalizing Capital* (Princeton University Press, 2008).
- Jeffrey Frieden, *Global Capitalism* (Norton, 2006).

Other readings are available online.

**Familiarity with Software:**

Students will be required to use:

- Microsoft Word.
- Microsoft Powerpoint.
- Microsoft Excel

or equivalent.

### **Midterm and Final Examinations:**

There will be four biweekly assessments and a final. For Summer 2010, the final exam is scheduled for a *time and place to be determined by UCB Summer Sessions*. Students whose University or personal obligations may conflict with a scheduled exam should consult with the instructor in advance. In particular, students should plan their end-of-session travel schedules to permit them to take the final exam at the scheduled time. The final exam will not be rescheduled. If you have a personal emergency that prevents you from taking an exam at the scheduled time, leave a telephone or E-mail message with the instructor, take care of whatever the problem is, and then consult with the instructor as soon as possible afterwards. Examinations are computer scored. Requests for hand-rescoring of any examination must be received within *one* (1) week of the posting of scores for that exam to the course website.

### **Discussion Postings:**

Because of the online format of this course, there are no discussion sections as such. However, the instructor and GSIs will be available in weekly chatrooms to respond to student comments and queries.

However, students are required to participate in the “threaded discussions” conducted via the course website. Discussion questions will be posted to the Discussion page on the course website. By 11:59 PM on Thursday of each week, students are required to post a response to at least one of the discussion questions; by 11:59 PM on the immediately following Sunday, students are required to respond to at least one of another student’s responses. The posting and response should present your reflection, opinion, or perspective on the discussion topic chosen.

The Instructor and the GSIs may enter into the discussion, but in general the purpose of this requirement is to engage students in peer-to-peer discussions.

The postings, and responses, will be graded in terms of thoughtfulness, citation of scientific evidence, grammar, and spelling (and civility, in the case of responses to other students’ postings). No readings beyond the textbook will be necessary for completion of these assignments. Students may respond to each others postings and responses as they wish; but no more than one posting, and one response, is required, and no extra credit will be given for additional postings or responses.

The course website includes a Forum which will be used for a wide variety of communications among students, GSIs, and the instructor. From time to time I will post announcements (e.g., about exams) concerning the course; I may also post corrections and supplements to my lectures. Students may also post comments and questions concerning the readings, lectures, and other items relevant to psychology; note that these messages will be distributed to the entire class. Responses from the instructor or the GSIs also will be posted to the entire list, so that everyone may benefit from the exchange (so don’t post anything of a personal or confidential nature!). Please do not send questions on course content to the instructor’s private Email address; post them to the course website instead – so that everyone can benefit from the exchange. If you have a communication of a personal nature, such as a family emergency, you should send private Email to the instructor and your GSI.

### **Assignments:**

Five problem sets and three 600-word essays.

## Grading Policy:

Final grades will be calculated on the basis of 200 points distributed according to the following rules:

- four (4) biweekly assessments, 20 points each
- final examination, 80 points
- eight (8) online discussions, 5 points each.
- eight (8) online assignments, 5 points each.

## Schedule:

### MODULE 1: INTRODUCTION: THE SHAPE OF THE LONG TWENTIETH CENTURY

#### Readings:

- J. Bradford DeLong, "The Shape of the Long Twentieth Century"
- Partha Dugupta, "Prologue," chapter 1 in *Economics: A Very Short Introduction* (Oxford, 2007), pp. 1-13 <http://tinyurl.com/dl20090823a>
- Eric Hobsbawm, *The Age of Extremes*, pp. 1-17 ("The Century: A Bird's Eye View")
- Barry Eichengreen, *Globalizing Capital* (Princeton University Press, 2008), chapter 1.
- Jeffrey Frieden, *Global Capitalism*, "Prologue."

#### Discussions:

- Why are you taking this course—the substance of it, that is: why are you taking a course in the economic (and political, societal, and technological) history of the twentieth century?
- Why are you taking *this* course—that is, an online course?
- Why are you taking *this* course—that is, a summer school course?

#### Assignments:

- First problem set: accounting for economic growth, 8000 BC to 2000.

#### Assessments:

- What do you know? History, arithmetic, economics.

### MODULE 2: THE ECONOMIC CONSEQUENCES OF THE INVENTION OF INVENTION: THE WORLD 1870-1900

#### Readings:

- J. Bradford DeLong, "The World in 1870"
- Jeffrey Frieden, *Global Capitalism*, chapter 3.
- Richard Sylla and Gianni Toniolo, "Introduction," in Richard Sylla and Gianni Toniolo (eds.), *Patterns of European Industrialization During the 19th Century* (Routledge, 1991), pp. 1-26.
- Jared Diamond (1987), "The Invention of Agriculture: The Worst Mistake in the History of the Human Race," *Discover* <<http://www.scribd.com/doc/2100251/Jared-Diamond-The-Worst-Mistake-in-the-History-of-the-Human-Race>>
- John Maynard Keynes (1920). *The Economic Consequences of the Peace*, chapter 2 <<http://www.gutenberg.org/ebooks/15776>>

Discussions:

- Is Jared Diamond serious in his claim that the “invention of agriculture was the worst mistake in the history of the human race”? Is he right?
- Suppose that you were cast back in time 250 years by the WABAC machine to the court of Aurangzeb in Delhi or of Kangxi in Beijing. What advice would you give them and their court as to how they should change their course of action?
- Should people in 1870 have been surprised at John Stuart Mill’s declaration that it “It is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being”? Or should they have accepted that as something expected?

Assignments:

- First short essay: where were your ancestors in 1870, and what were they doing then?

MODULE 3: THE FIRST GLOBAL ECONOMY, 1870-1914

Readings:

- J. Bradford DeLong, “The First Global Economy and Its Successes”
- Jeffrey Frieden, *Global Capitalism*, chapters 1, 2, 4, and 5.
- Barry Eichengreen, *Globalizing Capital* (Princeton University Press, 2008), chapter 2.
- Michael Bordo (2002), "Globalization in Historical Perspective," *Business Economics* (January) <http://people.ucsc.edu/~hutch/Econ143/bordo.pdf>
- W. Arthur Lewis. *The Evolution of the International Economic Order* <http://delong.typepad.com/slouching/2009/09/econ-115-readings-lewis-evolution-of-the-international-economic-order.html>

Discussions:

- From your readings, how does the globalization process of 1870-1914 strike you as different from the process you see around you today? How does it strike you as similar?
- The readings trace lots of links between trade on the one hand and empire on the other: which of these links they trace struck you as the most important and the most convincing?

Assignments:

- Second problem assignment: gains from international trade in the first era of globalization, 1870-1914

Assessments:

- What have you learned? The structure and functioning of the first global economy.

MODULE 4: THE NORTH ATLANTIC (AND EAST ASIAN) CATASTROPHE: 1914-1945 (OR 1953?)

Readings:

- J. Bradford DeLong, “Totalitarianism’s Challenge”
- J. Bradford DeLong, “Understanding the Great Depression”
- Eric Hobsbawm, *The Age of Extremes*, chapters 1-4.
- Jeffrey Frieden, *Global Capitalism*, chapters 6 and 8-10.

- Barry Eichengreen, *Globalizing Capital*, chapter 3.
- Peter Fearon, "Hoover, Roosevelt and American Economic Policy During the 1930s," in W.R. Garside, *Capitalism in Crisis: International Responses to the Great Depression* (Pinter, 1993), pp. 114-147.

Discussions:

- In your view, could the North Atlantic world have avoided a conflict as devastating as World War I? Or was it or some such catastrophe very like it in the cards?
- In your view, could the North Atlantic world have avoided a downturn as devastating as the Great Depression? Or was it or some such catastrophe very like it in the cards?
- In your view, could China have avoided its forty year civil war? Or was it or some such catastrophe very like it in the cards?

Assignments:

- Third problem assignment: what might have stopped the Great Depression?

MODULE 5: TRYING TO CATCH UP WITH THE NORTH ATLANTIC, 1914-1980

Readings:

- J. Bradford DeLong, "Development and Its Discontents"
- Eric Hobsbawm, *The Age of Extremes*, chapters 7, 12-16.
- Jeffrey Frieden, *Global Capitalism*, chapters 13-14 and 19.
- Richard Ericson (1991), "The Classical Soviet-Type Economy: Nature of the System and Implications for Reform," *Journal of Economic Perspectives* 5:4 (Autumn), pp. 11-27.
- Lant Pritchett (1997), "Divergence, Big Time," *Journal of Economic Perspectives* (Summer), pp.3-17
- Dani Rodrik (1995), "Getting Interventions Right: How South Korea and Taiwan Grew Rich," *Economic Policy* 20, pp. 55-107.

Discussions:

- The world grew smaller but also much more unequal between 1910 and 1980. Why?
- South Korea and Taiwan grew rich between 1950 and 1990. Few other countries paced them or followed them. Why?

Assignments:

- Second short essay: how did totalitarianism brush your grandparents (or how did they escape)?

Assessments:

- What have you learned? Dilemmas of economic development, 1914-1980.

MODULE 6: THE HEYDAY AND EXHAUSTION OF NORTH ATLANTIC SOCIAL DEMOCRACY, 1945-1980

Readings:

- J. Bradford DeLong, "The Rise and Fall of North Atlantic Social Democracy"

- Jeffrey Frieden, *Global Capitalism*, chapters 7, 11, 12, 15 and 16.
- Eric Hobsbawm, *The Age of Extremes*, chapter 1 (again) and chapters 8 and 9.
- Barry Eichengreen, *Globalizing Capital*, chapters 4 and 5.
- Peter Howlett, "The Legacy of the Second World War," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change Since 1945* (Longman, 1999), chapter 1, pp. 5-22.
- N.F.R Crafts, "The Great Boom, 1950-73," in Max-Stephan Schulze (ed.), *Western Europe: Economic and Social Change since 1945*, chapter 4, pp. 42-62.

#### Discussions:

- Why, in your view, did western Europe after World War II do so much better than western Europe after World War I?
- Why, in your view, couldn't the North Atlantic maintain full employment and low inflation in the 1970s?

#### Assignments:

- Fourth problem assignment: stabilizing the macroeconomy.

### MODULE 7: NEOLIBERALISM AND ITS DISCONTENTS

#### Readings:

- J. Bradford DeLong, "Neoliberalism and Its Discontents"
- Eric Hobsbawm, *The Age of Extremes*, chapter 16 (again) and 19.
- Jeffrey Frieden, *Global Capitalism*. New York: W.W. Norton, 2006 chapters 18 and 20.
- Barry Eichengreen, *Globalizing Capital*, chapters 6 and 7.
- Paul Collier and Jan Willem Gunning (1999), "Why Has Africa Grown Slowly?" *Journal of Economic Perspectives*, pp. 3-22.
- John H. Coatsworth (2005), "Structures, Endowments, and Institutions in the Economic History of Latin America," *Latin American Research Review* 40, pp. 126-144.
- Johannes Linn, "Ten Years of Transition in Central Europe and the Former Soviet Union: The Good News and the Not-So-Good News," in Mario Blejer and Marko Skreb (eds.), *Transition: The First Decade* (MIT Press, 2002), pp. 15-44.
- Gregory C. Chow (1993), "How and Why China Succeeded in Her Economic Reform," *China Economic Review* (1993), pp. 117-128. <http://ideas.repec.org/a/eee/chieco/v4y1993i2p117-128.html>
- Dani Rodrik and Arvind Subraminian (2004), "From Hindu Growth to Productivity Surge: The Mystery of the Indian Growth Transition," NBER Working Paper no. 10376 (March) <http://papers.nber.org/papers/w10376.pdf>.
- Olivier Blanchard (2004), "The Economic Future of Europe," *Journal of Economic Perspectives*, pp. 3-26.

#### Discussions:

- What promises did the neoliberals make about what would follow if countries shrank the reach of their states? To what extent were these promises fulfilled?

#### Assignments:

- Third short essay: take a political stand: neoliberalism vs. social democracy vs. some third way of your own design or choosing

#### Assessments:

- What have you learned? The fall of social democracy and the rise of neoliberalism.

## MODULE 8: THE ECONOMIC HISTORY OF THE TWENTY-FIRST CENTURY

### Readings:

- J. Bradford DeLong, "The Financial Crisis of 2007-2010"
- J. Bradford DeLong, "Uncomfortably Warm"
- Anil Kashyap, "Sorting Out Japan's Financial Crisis," Federal Reserve Bank of Chicago Economic Perspectives 2002 (fourth quarter), pp. 42-55.
- Andrew Berg, "The Asian Crisis: Causes, Policy Responses and Outcomes," IMF Working Paper no. 99/138 (October 1999). <http://www.imf.org/external/pubs/cat/longres.cfm?sk=3295.0>
- Nicholas Stern et al., "The Stern Review on the Economics of Climate Change: Executive Summary" [http://www.hm-treasury.gov.uk/d/Executive\\_Summary.pdf](http://www.hm-treasury.gov.uk/d/Executive_Summary.pdf)

### Discussions:

- How is global political economy likely to be different in the aftermath of the financial crisis of 2007-2010?
- How is global political economy likely to be different in the shadow of global warming?

### Assignments:

- Fifth problem assignment: (a) the financial crisis of 2007-2010, or (b) dealing with global warming

## FINAL EXAMINATION