

WORLD ECONOMIC HISTORY – 2015/16

SYLLABUS

0. Introduction.

- 0.1. What is Economic History?
- 0.2. What is World Economic History?
- 0.3. Why study World Economic History.

1. The world economy during the medieval period: The beginnings of the Great Divergence.

- 1.1. The first Global Economy? The Sung Miracle, the Golden Age of Islam and Medieval Europe.
- 1.2. The Plague and the beginnings of the Great Divergence.

2. The preindustrial economies: The rise of the West and the Great Divergence in the Early Modern Period.

- 2.1. The constraints of economic growth during the preindustrial period: A world of organically-based economies.
- 2.2. The Chinese case: The limits of an organically based economy.
- 2.3. The rise of Europe, 1500-1800: The rise of the Atlantic World.

3. The widening of the Great Divergence: The British Industrial Revolution and its diffusion.

- 3.1. Chance, continuity and change: The British Industrial Revolution
- 3.2. The diffusion of the Industrial Revolution in the Western World
- 3.3. The widening of the Great Divergence and the failure of the Industrial Revolution in the extra-European world.

4. The international economy from 1870 to present

- 4.1. The first globalization, 1870-1913
- 4.2. The triumph of anti-globalization forces: 1919-1939
- 4.3. The renewed advance of globalization after 1945

5. Facing globalization: winners and losers of “Big Push” industrialization in the late 20th century

- 5.1. The State and Big Push Industrialization.
- 5.2. Big Push industrialization and its losers: The Soviet economy, the Latin American countries, and Africa
- 5.3. Big Push industrialization and its winners: The East Asian economies

Course outline

Why are some countries rich and others poor? The main goal of this course is to address that important question by looking into the world economic history of the last millennium from a global approach, focused not only on Europe and North America, but also on the extra-European world (mainly China and India). We will deal with a broad range of issues, from the environmental constraints to economic growth in the past, the rise of the Chinese and Islamic civilizations during the medieval period and the European Overseas expansion after 1492 to the decadence of the big Asian Empires, the British Industrial Revolution and its diffusion, the impact of Western Imperialism in the extra-European economy during the 19th century and the problems posed by the advance of globalization during the 19th and 20th centuries. Another objective of the course is to provide the student with a basic knowledge of key economic concepts such as productivity, comparative advantage, Gross National Product, balance of payments or exchange rates.

Although some economies, such as Song China, medieval Islam or 17th and 18th centuries England and the Dutch Republic, managed to achieve an important expansion during the pre-industrial period, their dependence on resources coming from the surface of the earth such as agricultural products, timber, wool and flax, set a low ceiling for the possibilities of economic advance before the Industrial Revolution. This did not impede, however, the development of growing economic differences among the big economic regions of the World after the 1348 Plague, embodied in the term Great Divergence. The Chinese Empire turned its back on the World Economy after the Plague and retreated into a kind of inwards-oriented economy which severed most of its previous links with the rest of the world and relied on the expansion of its agricultural base, something eased by its virtually unending reserves of labour. As a result, after its medieval peak the Chinese economy went through a long-term decadence, so at the beginning of the 19th century it showed clear symptoms of stagnation and the Empire had to cope with the problems posed by the pressure exerted by a growing population on its narrow resource base. This led to the appearance of serious environmental problems whose effects were, and still are, keenly felt by the Chinese population.

Unlike China and other Asian Empires, such as Mogul India and Japan, after 1348 Western Europe began to replace capital for its relatively scarce (when compared with the big Asian Empires) labour, opening the way for the wide incorporation of technology into the economy which has been one of the most important features of Western economies ever since. In 1492 Columbus discovered America and in 1498 Vasco de Gama arrived to Calicut (India). This was the beginning of the European Overseas Expansion, closely related to the expansion of International Trade and the birth of the first European Colonial

Empires. Each one of the Empires of the time tried to advance its trade through highly protective mercantilist policies which involved the continuous use of war as a way to conquer and protect new colonial markets. After three centuries of continuous warfare, in the years around 1763 it was quite clear that the English/British Colonial Empire had emerged as the victor in the fierce colonial rivalries of the time. The expansion powered by the aggressive English/British mercantilist State was the main engine behind the rise of British foreign trade, and it led to the appearance of the British high wages economy and, in the last term, to the Industrial Revolution; Britain's path breaking response to the limits posed by her narrow resource base.

The pace of the Great Divergence quickened dramatically during the Industrial Revolution. During the 19th century the USA, France and Germany followed the British pattern of close State involvement in the economy and became advanced industrial economies through a set of policies (the Standard Development Model, SDP) which included the creation of national markets, the use of tariffs to protect their industries from British competition, the setting of central banks, and the promotion of mass education to train industrial workers. This created good conditions for the adoption of labour-saving technology along British lines.

Far from being the norm, the American, German and French cases were, however, the exception and the diffusion of the Industrial Revolution outside the Western World could best be described in terms of failure so, unsurprisingly, the pace of the Great Divergence quickened dramatically during the 19th century. Despite her long-term stagnation after the beginning of the 15th century, in the years around 1800 China remained as the world leader in the field of luxury manufactures such as porcelain and silk textiles, while Mogul India was the main producer of cotton textiles, so it may be stated that in this period Asia was the manufacturing heartland of the world economy. The problem was that most industries from Casablanca to Canton were unable to survive the storm unleashed by western competition in the 19th century, and the extra-European world turned into a vast agricultural area whose main function was to provide raw materials and agricultural commodities for the western industrial core.

In most cases, the spread of the Industrial Revolution to extra-European countries was fatally hampered by the lack of political autonomy. This ended with any possibility of implementing the SDP there. Nonetheless, the SDP seemed less advantageous than the promotion of export oriented primary sectors in a phase when the prices of agricultural commodities experienced a continuous rise, as the well-known cases of independent states such as Argentine and Uruguay show. Although in the short run this orientation made good economic sense, in the medium and longer term the boom in the exports

of primary products and raw materials during the 19th century led to the entrenchment of powerful export oriented constituencies completely opposed to the SDP in nearly every extra-European country. These problems were compounded by the difficulties posed by the adoption of labour-saving western technology, more suited to the needs of Western European economies, than to those of the labour-abundant Southern American or Asian countries. After 1945, a few countries - Japan, South Korea, Taiwan, and perhaps China - have, nonetheless, caught up with the West through Big Push industrialization that has achieved a remarkable success. As in 19th century Germany and USA, Big Push Industrialization has rested on an active involvement of State in the economy, but it remains to be seen whether other countries are going to be able to emulate the astounding East Asian success of the recent decade.

Evaluation criteria

Students will have to take a final exam (60% of the final mark) and write three short essays (30%, 10% each) throughout the course. The remaining 10% will be subject to voluntary class participation (oral questions, comments and so on).

Course material

There will be several texts at the photocopy shop. These texts will be read and discussed as the course moves forward.

Core bibliography

ALLEN, Robert C., *Global Economic History: A Very Short Introduction* (Oxford, OUP, 2011).

CAMERON, Rondo, *A Concise Economic History of the World: From Paleolithic Times to the Present* (Oxford, OUP, 1997).

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FINDLAY, Ronald and O'ROURKE, Kevin, *Power and Plenty. Trade, War and the World Economy in the Second Millennium* (Princeton, 2009).

FRIEDEN, Jeffrey A., *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York, Norton & Co., 2006).

WILLIAMSON, Jeffrey G, *Trade and Poverty. When the Third World Fell Behind*, (Massachussets, 2013).

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Additional bibliography

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DE VRIES, Jan, *The Economy of Europe in an Age of Crisis, 1600-1750* (Cambridge, CUP, 1976).

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MADDISON, Angus, *The World Economy, Volume 1: A Millennial Perspective, and Volume 2: Historical Statistics* (Paris, OECD Publishing, 2006).

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PARTHASARATI, Prasannan, *Why Europe Grew Rich and Asia did not: Global Economic Divergence, 1600-1850* (Cambridge, CUP, 2011).

POMERANZ, Kenneth, *The Great Divergence: China, Europe and the Making of the Modern World Economy* (Princeton, PUP, 2000).

RICHARDS, John F, *The Unending Frontier. An Environmental History of the World* (California, 2005).

VAN ZANDEN, Jan Luiten, *The Long Road to the Industrial Revolution: The European Economy in a Global Perspective, 1000-1800* (Leiden, Brill, 2009).

WONG, Roy Bin, *China Transformed. Historical Change and the Limits of European Experience* (Cornell, 1997).