B.E. International Program

Faculty of Economics, Thammasat University

Course Outline for

EE 406 History of World Economy

Number of credits: **3 credits (3-0-6)**

Lecture Time: 8:00 – 9:30, Tuesday-Thursday

Lecture Venue: Room 201, Econ

Instructor: Dr. Brian Kennedy

Office Rm. 454 Econ

Email: bpk@econ.tu.ac.th, or through Moodle

Office hours: 9:30 – 12:00, after 5:00 p.m., Tue-Thu, or by appointment.

Course Description : This class has three primary purposes. Firstly, it is to identify the major economic changes that have occurred throughout world history, and to analyze what they were, when they occurred, and why. Thus, students will be expected to know (or learn) the basic outlines of world history, so that they can learn how economic rules have shaped it.

Secondly, the class seeks to demonstrate how the rules and laws of economics are universal; they apply through time and space. Thus, students will learn how complex organizations have been created throughout history, how material, technological and human capital limitations have influenced societies and history, and how different societies have solved similar problems in different, and similar, ways. And they will learn how the laws of economics apply in non-market economies, how decisions and resources are allocated in the absence of modern markets.

Finally, the class will explore the economic, societal and political prerequisites of economic growth. Economic growth throughout history shows some persistent patterns, and these patterns apply to today, as well as the past. Different theories of growth and development stress different factors as being key; the answer to the question of what specific factors are necessary for sustained economic growth has great import to the world today.

Prerequisites: EE 211 (Principles of Microeconomics) is not a prerequisite for this course, though it will be very helpful. While this course will be very non-mathematical, a certain degree of familiarity with economic terms and concepts is assumed. A basic knowledge of world history is also assumed for this course. Students should be familiar with the broad outlines of world history. Certain periods of history will be highlighted in greater detail, to demonstrate or illustrate concepts taught, but students will not be expected to know these periods in detail before class.

Main Textbook:

There is not standard text for this subject, and most of the books on the subject assume either an extensive working knowledge of Western History, or a great deal of familiarity with economic subjects; often the books assume both. As such, the material for the course will come from several sources, all collected into a general reader. They can be found in the library as .

Course Reader I: Readings for Before the Midterm

Course Reader II: Readings for After the Midterm

The readings are drawn from the books and articles listed below

Cameron, Rondo and Larry Neal, A Concise Economic History of the World: From Paleolithic Times to the Present, New York, Oxford University Press, 2003

Jones, Eric, The European Miracle; Environments, Economies and Geopolitics in the History of Europe and Asia, New York: Cambridge University Press, 2003

North, Douglass C. and Robert Paul Thomas, The Rise of the Western World: A New Economic History, New York; Cambridge University Press, 1973

North, Douglass C., Structure and Change in Economic History, Douglass C. North, W.W. Norton and Company, New York, 1981

Mokyr, Joel, The Lever of Riches: Technological Creativity and Economic Progress, New York, Oxford University Press, 1990

Clark, Gregory, A Farewell to Alms: A Brief Economic History of the World, Princeton, Princeton University Press, 1997

Other Recommended Books:

These are books that have had a significant impact outside economics, which will be briefly covered in class. Again, they are available, but are not required for class.

Olsen, Mancur, The Rise and Decline of Nations, New York, Yale University Press, 1981

Kennedy, Paul, The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000, New York, Vintage Books, 1987

Diamond, Jared, Guns, Germs and Steel; the Fates of Human Societies, New York, W.W. Norton and Co, 1999

The Course Moodle Code is 1238

Teaching Plan:

Class Schedule:

Class	Date	Topics
Section I: The Prehistoric and Classical World		
Week 1: The world 10,000 B.C		Prehistoric man. The hunter-gatherer tribe. Population pressure, and the S curve. Property rights. Marginal values of everything. The jungle wasteland. Time allocation and gender roles. Two Models of early Population growth. Jared Diamond/Kemmer model. Property rights, spillover effects. The conservative (safety) bias of society, and risk adverse tribes. Early trade and specialization. Comparative and absolute advantage in family production.
Week 2: The world 5,000 B.C.		The first agricultural Revolution. The North Model. Olsen's roving bandit model. The raw materials of agricultural growth, factors of production. The beginning of property rights, and economic specialization and social classes.
Week 3: The world 2,000 B.C.		The second agricultural revolution. The birth of empires. The Hydraulic society. The problem of coordination. Technological problems vs. institutional problems. Ancient Babylon. Ancient Assyria. Ancient Egypt. Ancient China. Ancient India. The holdout problem in irrigation. Transaction costs. Surplus production, and the use(s) of it. The north model of government. The Olsen model of tyranny. Ancient public goods vs. publicly provided goods.
Week 4: The world 431 B.C.		Trade and Money. Coinage and agoras. The role of money. The greek city states. Transportation costs. Specialization and smithian growth (pt. 1). Government as other than tyranny. Colonization. Incentives. Planned vs. emergent organization. Athens and Sparta, Citizens and Helots. Natural disasters and the end of capital. Relative effects on Capital and Labor.
Week 5: The world 1 A.D.		Empire: The Romans. Roman law and courts. The economics of the Law. Organizational genius. Smithian growth, absolute and comparative advantage in a large empire. Economies of scalefor

		enterprises and states. Roman agriculture, the slave system. Extended example: The Roman legion, and the complexity of ancient societies. Baumaul, good and bad entrepreneurship.
Week 6: The world 478 A.D.		The Roman decline. The technological explanation (North). The biological explanation (Various Anthropologists). The military explanation (Luttwak, Higgens). The distributive coalition hypothesis (Olsen). Also, Byzantium, and early Islam.
Week 7: Interlude -- Taking stock of the world, and how it was governed.		The state. Theories of the State. North. Olsen, Others. Going back in time: China, Egypt, Persia, Greece, Rome, The Barbarians.
Section II: The Medieval World, the Age of Exploration		
Week 8: The world 1066 A.D.		The Early middle ages and the problem of security. Fuedalism and the Manorial system. The western world. Violence. Trade as a public good – "the encompassing interest". Economies of scale in violence. The feudal system of national defense. Self-sufficiency, the absence of encompassing power. Political competition. The role of military technology. A model of path-dependent military dominance, the hurdle effect on a new Rome – monopoly and barriers to entry.
Week 9: The world 1348 A.D.		The Black Death. Recap of Diamond hypothesis. The effect on Europe, the middle east and Asia. The Malthusian hypothesis. Relative prices of factors of production. Changes in the status of the peasantry. Legal rights. The Rebirth of Mediterranean trade, and the new commercial organizations – banks, insurance, corporations, double entry bookkeeping, credit, etc.
Week 10: The world of 1500		The age of exploration. Portuguese and Chinese fleets. Columbus and the new world. The Aztecs, incas, and silver. The gunpowder revolution, the end of feudalism and the rise of the nation state. European economies – The Netherlands, England, Spain, France. The three field system. The market economy, the common law system. Thick markets.
Week 11: The world of 1700		The early industrial revolution, mercantilism, colonies and trade. Narrative of the industrial revolution 1 Theories of the industrial revolution 1
Section III: The Industrial Revolution and the Rise of the Modern World, Communism		
Week 12: The world of 1850		Narrative of the industrial revolution 2 Narrative of the industrial revolution 3 Schumpetarian growth, rising productivity. Escape from Malthusian economics. Free trade, most favored nation

		status. The Technological arms race.
Week 13: The world of 1914		The later industrial revolution, imperialism, free trade, global smithian growth (globalization), trade unionism, the beginning of the welfare state. Central planning, Marxism (fascism), and the USSR.
Week 14: The world of 1948		Standardization, global monopolies and cartels The Communist Experiment
Week 15: The world of 2005		The (non) importance of resources. Human Capital and the Asian Miracle. (idea – Arab and Asian face). The Modern Welfare State. Petrolocracies. Free trade and modern finance. The role of economics in economies. Public choice theory. The bureaucratic state.
Week 16:		TBA

Course Evaluation:

Type of evaluation	Evaluation Method	Evaluation date
Midterm Exam	40%	October 2, 2012, 08.00 – 09.30 hrs.
Final Exam	50%	December 7, 2012, 09.00 – 12.00 hrs.
Class Attendance/Discussion	10%	Ongoing throughout Class

Important Dates

Classes Begins	August 14, 2012
Adding and Dropping Courses	August 14 – 28, 2012
Midterm Exam Period	October 1 – 6, 2012 (No Lectures)
Course Withdrawal with "W"	October 17 – 22, 2012
Class Ends	December 1, 2012