

ECON 4610-001: Foundations of Market Economies

Time of Class: MW: 10:15 AM-11:45 AM.

Room: BENN 231.

Main Instructor: Jesús Fernández-Villaverde.

Secondary Instructors: Jacob Hall and Ivan Luzardo.

TA: Rodrigo Morales Mendoza.

1. Course Outline and Overview

This course will study modern economic growth from a global perspective. Since around 1700, humanity has experienced sustained economic growth, a phenomenon never seen before. Why did economic growth start? Who were the winners of economic growth? And who were the losers?

The course will be global. First, beyond the traditional focus of economic history courses on Europe and North America, particular attention will be devoted to Latin America, Africa, and Asia. Second, the priority will be to highlight the interconnections between the different regions of the world economy.

2. Instructors

A few words about us. Jesús Fernández-Villaverde is originally from Spain. He received a B.Sc. in Economics and a JD/MBA from ICADE in Madrid, Spain. He got his Ph.D. in Economics from the University of Minnesota. His research focuses on macroeconomics, econometrics, economic history, and law and economics.

Jacob is originally from Louisiana, United States. He received his B.S. in Economics from George Mason University. He is a Ph.D. candidate in economics at George Mason University, and will be receiving his degree this fall. His research focuses on economic history, political economy, and development economics.

Ivan is originally from Colombia. He received a B.Sc. in Economics from Universidad del Norte, Barranquilla, Colombia, an MA from Georgetown University, and a Ph.D. in Economics from the LSE. His research focuses on economic history, the economics of institutions, and development economics.

Rodrigo Morales Mendoza is a rising sixth-year student in Economics at UPenn. He is originally from Mexico City. His research interests include the mathematical tools and machine learning environments applied to macroeconomic questions.

The best way to reach us is via email at jesusfv@econ.upenn.edu, jesusfv@econ.upenn.edu, jhall26@sas.upenn.edu, and luzardo@sas.upenn.edu. We usually answer questions via email within half a day. Besides, our TA (rodmo@sas.upenn.edu) will also answer your questions and will hold office hours every week. Details will be announced via Canvas.

3. Textbook

As general background, you need to read: *Global Economic History: A Very Short Introduction*, by Robert Allen, Oxford University Press. It is a very short (147 small pages of text) and well-written book. The book is cheap (around \$7.49 each on the electronic version) and easy to find on Amazon or other bookstores.

We will use also different papers as readings. I will post all the pdfs on Canvas.

Please do note that the material from this class cannot be shared with those outside of the class and CANNOT be posted online.

4. Course Requirements and Grades

The evaluation of this class will be based on two items: two midterms and five reading reports.

4.1. Midterms

There will be two closed-book midterms. The first midterm will be on October 18 and the second midterm will be on December 11.

Each midterm will consist of three essay-type questions, each worth 20 points, and four short questions, each worth 10 points, for a total of 100 points. As we get closer to the exam, we will present some examples of each type of question.

If you have a problem with the dates of the midterms, please let me know *before* September 30. After September 30, we will NOT accommodate your requests. Notice that travel, job interviews, or non-emergency family matters are NOT acceptable reasons to re-arrange the exam.

4.2. Reading reports

There are five written reading reports due by 11.45 am EST on the day listed below. You should deliver the report *both* of two formats:

1. In person, in printed form.
2. In pdf format, and delivery should be done through Canvas. Please, **DO NOT** send the report in a format different than pdf or by email.

The reason we ask you to deliver a printed version is for the TA to be able to easily mark the report. We also want you to deliver a pdf version to ensure that there is a copy of record.

Also, note that we will be *strict* in enforcing that late reports will get a zero grade unless covered by a University-wide policy exemption.

The dates the reading reports are due are:

- **Reading report 1, September 20**
- **Reading report 2, October 9.**
- **Reading report 3, October 25.**

- Reading report 4, November 13.
- Reading report 5, December 6.

We will grade each report out of five points. We will drop the worst report in terms of grades and multiply the best report by two, for a total of 25 points. We will post an example of a written report to have a guideline on how to prepare it and a rubric.

5. Grading Standards

Students taking the course for a letter grade will receive grades from A through D or an F. Students that take the class on a Pass/Fail basis need at least a D+ to pass the class. Poor performance is not a valid reason for an incomplete (I). An incomplete is given only under exceptional circumstances and requires the satisfactory completion of a substantial part of the course. Any incomplete must be arranged **before** December 1.

The grade will be equal to:

$$\text{Points} = 0.4 * \text{best midterm} + 0.35 * \text{worst midterm} + \text{reading reports}$$

The mapping of points into letter grades is given by:

Points Achieved	Letter Grade	Points Achieved	Letter Grade
96 - 100	A +	72 - 75.75	C +
92 - 95.75	A	68 - 71.75	C
88 - 91.75	A -	64 - 67.75	C -
84 - 87.75	B +	60 - 63.75	D +
80 - 83.75	B	56 - 59.75	D
76 - 79.75	B -	less than 56	NP

6. Contents of the Course

In the next pages, we present an outline on the topics that we intend to cover and the dates when we intend to do so. We may re-arrange some material once we see how the class develops.

Part I: The Dawn of Economic Growth

- **Lecture 1, August 30:** Administrative details/Introduction (JFV).
- **Lecture 2, September 6:** How to write an economic history referee (JH/IL).
Referee report template: *Global Economic History: A Very Short Introduction*, by Robert Allen, Oxford University Press.
- **Lecture 3, September 11:** Population and Economic Growth I (JFV).
- **Lecture 4, September 13:** Population and Economic Growth II (JH).
- **Lecture 5, September 18:** The Industrial Revolution (JFV).
- **Lecture 6, September 20:** Cradle of Modernity: The World Economy from 1870 to 1914 I (JFV).
Report I due: *Energy: The Mover of Output*.
- **Lecture 7, September 25:** Cradle of Modernity: The World Economy from 1870 to 1914 II (JFV).
- **Lecture 8, September 27:** Catching Up, Falling Behind I (JFV).
- **Lecture 9, October 2:** Catching Up, Falling Behind II (JFV).
- **Lecture 10, October 4:** The Strange Death of Liberal Europe I (IL).
- **Lecture 11, October 9:** The Strange Death of Liberal Europe II (IL).
Report II due: *Tokugawa Japan and the Foundations of Modern Economic Growth in Asia* by Nakabayashi, M. (2021) and *Tokugawa Japan and the Foundations of Modern Economic Growth in Asia*. by Pamuk, S. (2021).
- **Lecture 12, October 11:** Latin America in the 19th Century (IL).
- **Review Session 1, October 16:** Review for midterm (JH/IL).

Part II: Collapse and Revival of the World Economy

- **Lecture 13, October 23:** Les Trente Glorieuses I (JFV).
- **Lecture 14, October 25:** Les Trente Glorieuses II (JFV).
Report III due: *How the War Was Won* by O'Brien, P. (summary) and *The Socialist Experiment and Beyond: The Economic Development of Eastern Europe* by Dennison, T., and Klein, A. (2021).
- **Lecture 15, October 30:** The East is Red I (JFV).
- **Lecture 16, November 1:** The East is Red II (JFV).
- **Lecture 17, November 6:** Japan and East Asia (JFV).
- **Lecture 18, November 8:** Guest lecture I: Treb Allen.
- **Lecture 19, November 13:** India (JFV).
Report IV due: *Manufacturing Revolutions: Industrial Policy and Industrialization in South Korea* by Lane, N. (2022).
- **Lecture 20, November 15:** Guest lecture II: Shruti Rajagopalan.
- **Lecture 21, November 20:** Latin America in the 20th Century (IL).
- **Lecture 22, November 27:** North America in the 20th Century (JH).
- **Lecture 23, November 29:** Death and Transfiguration (JFV).
- **Lecture 24, December 4:** The Roaring Nineties and the Financial Crisis of 2008 (JH).
- **Review Session 2, December 6:** Review for midterm (JH/IL).
Report V due: *African Economic Development: Growth, Reversals, and Deep Transition* by Frankema, E. (2021) and *Australia: Prosperity, Relative Decline, and Reorientation* by Magee, G. (2021).