

## Master in Social Sciences

# Topics in International Economic History (325-19322)

Spring Term 2024–25

Schedule: Friday, 3:00-6:00 pm, Room 18.1.A01

Instructor: Stefano Battilossi ([battilos@clio.uc3m.es](mailto:battilos@clio.uc3m.es))

Office Hours: Friday, 2:00-3:00 pm, Room 18.2.D.07

### OVERVIEW

The course explores the political economy of international economic and financial relationships between the late 19<sup>th</sup> century and the early 21<sup>st</sup> century. The chronological arc covers the First Globalization (1870-1914), the era of Economic De-globalization (from the interwar period to the 1960s) and the rise of the Second Globalization (from the 1970s onwards). The narrative arc of the course runs through the 20<sup>th</sup> century, from the decline of British dominance to the rise and consolidation of US dominance in international financial and economic relationships.

Drawing on complementary perspectives from different disciplines (history, economics and political sciences), the course provides a long-term view on critical issues for the understanding of international economic relationships, past and present. They include:

- global finance and power politics;
- foreign borrowing, economic development and sovereignty in global peripheries;
- multilateral governance of global finance;
- political consequences of financial crises;
- dominant international currencies;
- the use of economic sanctions in international relationships;
- the rise of mass politics and the backlash against globalization;
- conditionality lending
- oil, finance and international relationships;
- states and markets in globalized finance.

The course also touches upon relevant methodological issues such as the relationship between theory and historical analysis, the construction and use of historical datasets, and the selection of appropriate empirical approaches.

### COURSE REQUIREMENTS AND GRADING

The course follows a seminar format. Each week the instructor will provide a brief introduction to the topic of the following session. As a weekly assignment, students will read at least two of the readings included in the session's list and contribute actively to a structured discussion in class with questions and comments. As a long-term assignment, they will write a seminar paper on a topic of their choice, to be handed in at the end of the course. Some weekly sessions will be devoted to

presentations by students of a selection of readings related to their seminar paper. In the last session, students will present and discuss their full seminar paper in class.

Grading is based on:

- active participation in class discussions 20%
- student weekly presentations 30%
- seminar paper and final presentation 50%

The seminar paper should not exceed 4,000 words. It can be either a first outline of a new research paper, or a literature review. Students can dig deeper on one of the topics dealt with in the weekly sessions, or propose a different topic of their interest, always related to the general topic of the course (international economic relationships). In this case, the topic of the paper should be discussed with, and approved by the instructor, who will also provide guidance on data, sources and relevant literature.

## READING LISTS

### *General readings*

The volumes listed below provide concepts, background information, analytical insights and research overviews that are useful in order to put the topics discussed in the weekly sessions in a richer historical context. A selection of specific chapters from these volumes will complement weekly readings. However, students are encouraged to explore them also as a source of inspiration for their seminar paper.

- Daunton M (2023) *The Economic Government of the World 1933-2023* (Penguin)
- Devlin R (1989) *Debt and crisis in Latin America: The Supply Side of the Story* (Princeton University press)
- Eichengreen B (2011) *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* (Oxford University Press)
- El-Gamal M, Jaffe A (2009) *Oil, Dollars, Debt and Crises: The Global Curse of Black Gold* (Cambridge University Press)
- Flandreau M (2003) ed. *Money Doctors: The Experience of International Financial Advising 1850-2000* (Routledge)
- Flandreau M, Zumer F (2004) *The Making of Global Finance 1880-1913* (OECD).
- Helleiner E (1994) *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Cornell University Press)
- Kenen P (2003) *The International Financial Architecture. What's New? What's Missing?* (Columbia University Press)
- Martin J. (2022). *The Meddlers. Sovereignty, Empire, and the Birth of Global Economic Governance* (Harvard University Press)
- Maurer N. (2013) *The Empire Trap. The Rise and Fall of US Intervention to Protect American Property Overseas 1893-2013* (Princeton University Press)
- Mattei C (2022) *The Capital Order: How Economists Invented Austerity and Paved the Way to Fascism* (University of Chicago Press)
- Mulder N. (2022) *The Economic Weapon. The Rise of Sanctions as a Tool of Modern Economic War* (Yale University Press)
- Queralt D. (2022) *Pawned States. State Building in the Era of International Finance* (Princeton University Press)
- Rodrik D. (2011) *The Globalization Paradox: Democracy and the Future of the World Economy* (Norton)

- Tomz M (2007) *Reputation and International Cooperation: Sovereign Debt Across Three Centuries* (Princeton University Press)
- Wight D. (2021) *Oil Money: Middle-East Petrodollars and the Transformation of US Empire 1966-1988* (Cornell University Press)
- Zahra T. (2023) *Against the World. Anti-Globalism and Mass Politics between the World Wars* (Norton & Co)

### *Weekly readings*

The selection of topics for weekly sessions is based on key concepts rather than chronological order. As a consequence, readings provide exemplifications for different historical periods. Students are required to read and prepare a discussion of at least two readings of their choice for each session. All readings will be available on Aula Global.

### Session 1 (January 31)

#### **Capital flows**

- Clemens MA, Williamson JG (2004) Wealth bias in the first global capital market boom 1870-1913. *The Economic Journal* 114: 304-337
- Schularick M (2006) A tale of two globalizations: capital flows from rich to poor in two eras of global finance. *International Journal of Finance and Economics* 11: 339-354
- Taylor AM, Wilson JLF (2011) International trade and finance: complementarities in the United Kingdom 1870-1913 and the United States 1920-1930. *Journal of International Money and Finance* 30: 268-288.

### Session 2 (February 7)

#### **Credibility**

- Esteves RP, Tuncer AC (2016) Feeling the blues: moral hazard and debt dilution in Eurobonds before 1914. *Journal of International Money and Finance* 65: 46-68
- Ferguson N, Schularick M (2012) The 'thin film of gold': monetary rules and policy credibility. *European Review of Economic History* 16(4): 384-407
- Tuncer AC, Weller L (2022) Democracy, autocracy, and sovereign debt: How polity influenced country risk on the peripheries of the global economy, 1870-1913. *Explorations in Economic History* 85:101449

### Session 3 (February 14)

#### **Gatekeepers**

- Flandreau M, Flores JH (2012) The peaceful conspiracy: bond markets and international relations during the Pax Britannica. *International Organization* 66(2): 211-241
- Flandreau M, Flores JH, Gaillard N, Nieto-Parra S (2009) The end of gatekeeping: underwriters and the quality of sovereign bond markets 1815-2007. *NBER International Seminar on Macroeconomics* 6(1): 53-92
- Flandreau M, Gaillard N, Packer F (2011) To err is human: US rating agencies and the interwar foreign government debt crisis. *European Review of Economic History* 15: 495-538

### Session 4 (February 21)

#### **Imperialism**

- Accominotti O, Flandreau M, Rezzik R, Zumer F (2010) Black man's burden, white man's welfare: control, devolution and development in the British Empire 1880-1914. *European Review of Economic History* 14: 47-70
- Mitchener KJ, Weidenmier M (2005) Empire, public goods, and the Roosevelt Corollary. *The Journal of Economic History* 65(3): 658-692.

- Rosenberg ES, Rosenberg NL (1987) From colonialism to professionalism: the public-private dynamic in US foreign financial advising, 1898-1929. *The Journal of American History* 74(1): 59-82

#### Session 5 (February 28)

##### **Student presentations I**

#### Session 6 (March 7)

##### **Sanctions**

- Esteves RP (2013) The bondholder, the sovereign, and the banker: sovereign debt and bondholders' protection before 1914. *European Review of Economic History* 17: 389-407
- Mitchener KJ, Weidenmier M (2010) Supersanctions and sovereign debt repayment. *Journal of International Money and Finance* 29: 19-36
- Ahmed FZ, Alfaro L, Maurer N (2010) Lawsuit and Empire: On the enforcement of sovereign debt in Latin America. *Law and Contemporary Problems* 73(4): 39-46

#### Session 7 (March 14)

##### **Conditionality**

- Flandreau M, Flores JH (2012) Bondholders versus bond-sellers? Investment banks and conditionality lending in the London market for foreign government debt 1815-1913. *European Review of Economic History* 16: 356-383
- Kentelenis A, Stubbs T, King L (2016) IMF conditionality and development policy space, 1985-2014. *Review of International Political Economy* 23(4): 243-282
- Kilby C (2009) The political economy of conditionality: An empirical analysis of World Bank loan disbursements. *Journal of Development Economics* 89(1): 51-61
- Stone R. (2008) The scope of IMF conditionality. *International Organization* 62(4): 589-620.

#### Session 8 (March 21)

##### **Strained globalization**

- Funke M, Schularick M, Trebesch C (2016) Going to extremes: politics after financial crises 1870-2014. *European Economic Review* 88: 227-260.
- Martin J. (2023) Strained interdependence. *American Historical Review* 128(2)
- Mattei C. (2017) The Guardians of Capitalism: International consensus and the technocratic implementation of austerity. *Journal of Law and Society* 44(1): 10-31

#### Session 9 (March 28)

##### **Student presentations II**

#### Session 10 (April 4)

##### **Dominant currencies**

- Eichengreen B, Flandreau M (2009) The rise and fall of the dollar (or when did the dollar replace sterling as the leading reserve currency)? *European Review of Economic History* 13: 377-411
- Eichengreen B, Mehl A, Chitu L (2019) Mars or mercury? The geopolitics of international currency choice. *Economic Policy* (April): 315-363
- Flandreau M, Jobst C (2009) The empirics of international currencies: network externalities, history and persistence. *The Economic Journal* 111(537): 643-664

### Session 11 (April 11)

#### **Reforms**

- Abiad A, Mody A (2005) Financial reform: What shakes it? What shapes it? *The American Economic Review* 95(1): 66-88
- Agnello L, Castro V, Tovar Jalles J, Sousa RM (2015) What determines the likelihood of structural reforms? *European Journal of Political Economy* 37: 129-145
- Burgoon B, Demetriades P, Underhill GRD (2012) Sources and legitimacy of financial liberalization. *European Journal of Political Economy* 28: 147-161
- Quinn D, Toyoda M (2007) Ideology and voter preferences as determinants of financial globalization. *American Journal of Political Science* 51(2): 344-363

### Session 12 (May 9)

#### **Presentation and discussion of seminar papers**

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