

## **Possible Essay Topics for ECON 306 Final, Spring Semester 2016**

**Note: This outline is not a substitute for a complete set of notes. It is not complete; it is not detailed. You should have a complete set of lecture notes. This outline is nothing more than a guide assisting your review of topics. Please consult your notes in preparing for the examination.**

### **I Neolithic Revolution: The Transition from Hunting and Gathering to Settled Agriculture**

- **Low standard of living limits trade ratio; lack of hierarchy and lack of specialization and division of labour also limits trade ratio**
- **Hunting and gathering, tribal societies: violence; religious rituals (magic, myth, ritual)**
- **Small ratio of elites who can afford luxuries to the mass of people emerge after Neolithic Revolution, transition from Stone Age to Bronze Age to Iron Age: priests and civil rulers.**
- **Religions of Classical Age (Axial Thought) in great Agrarian civilizations: Judaism and incipient Christianity; Greek thought (Plato, Aristotle); Brahmin Hinduism and Buddhism; Confucianism; Taoism – anti-violence, transcendental monitoring suppresses anti-cooperative behavior; purification through contact with transcendental world**
- **Central Asian Cultural Complex develops among nomadic trader/warrior groups in Central Asia**
- **Distrust of merchants in Classical Age Axial thought systems: domestic merchants corrupt elites and lie and cheat (information asymmetric problem); haggling is inconsistent with gift exchange**

***and the Golden Rule key to Axial thought systems; long-distance trade carried on by Central Asian nomadic groups potentially threatening great civilizations***

- ***Invasions by Central Asian nomadic groups bring an end to Classical Age, hinder trade across Eurasian land mass; Dark Ages emerge; Roman empire collapses***

## ***II Merchants in Agrarian Economies***

- ***Relatively low social status (distrust in Classical Age Axial thought)***
- ***Examples: Caste and karma in India; Confucianism/Taoism, and Buddhism in China merging into Neo-Confucianism/Buddhism; Christianity in the West – anti-usury, anti-credit creation***
- ***Central Asian Cultural Complex merges with Classical Age religions: fragmentation and feudalism in the West (Christianity merges with warlord cult) and in Japan (Confucianism and Buddhism merge with warlord cult)***
- ***Emergence of Islam: the first religion actively promoting merchant activity; universal coinage, bill of exchange. Merchant-Capitalism emerges.***
- ***Christianity competing with Islam gradually adopts Islamic innovations in credit creation; fragmentation and on-going conflict between secular authorities and Church gives a further push to credit creation: nascent banking in the West.***

## ***III Mongolian Conquests***

- ***Military power equation and Mongolian success in warfare***
- ***Spread of trade and the Black Death***
- ***The Malthusian model and exogenous mortality shifts***

- *The iron law of wages and the low standard of living prior to shift out of organic economy*
- *Weakening of Islamic commercial prowess: trade diversion swings trans-Eurasian trade away from Islamic region toward Mongolian controlled Silk Road.*

#### **IV European Global Expansion and Colonization of New World**

- *Political fragmentation of Europe after collapse of Roman Empire*
- *Military competition in Europe and the price of exerting military force*
- *European geographic advantage in discovering/conquering New World*
- *Mortality shifts for native populations in New World and development of slave trade*
- *Mercantilism emerges: relationship to military power equation; emergent state rulers promote merchant house driven expansionism in West; stock markets fund merchant houses; spread of gunpowder technologies erode feudalism in West (but not in Japan where guns banned after Tokugawa regime established)*

#### **V Breaking out of the Malthusian Trap**

- *Energy revolution and shift to an inorganic economy (coal, steam, factory system, improvements in iron/steel making, cotton textiles and import substitution in England)*
- *Is there a relationship between European trade expansion and first industrial revolution? (1) Yes - Marxist argument – growing circulation of capital; (2) Yes – “Darwinian” technological competition between Mercantilist states; (3) Yes – growing diversity of consumer items in Europe encourages households to substitute*

*domestic manufactures for household produced goods; (4) Yes – cheap cotton produced in Americas promotes growth of English textile sector;*

- *Much technological progress aimed at substituting domestic products for imports during the Industrial revolution; Importance of scientific revolution for technological change during the Industrial Revolution.*

## **VI Trade Expansion and the Drive toward Globalization, 1820-1914**

- *Decline in transport and communications costs (first and second industrial revolutions)*
- *Gunboat diplomacy reflects British global hegemony*
- *The British pound dominated gold standard system: Keynesian aggregate demand analysis explains operation of Gold Standard system.*
- *The trilemma*

## **VII The Collapse of Trade and De-globalization, 1914-1950**

- *The collapse of the revived gold standard system: the debt problem and reparations imposed on Germany, wartime inflation and unemployment*
- *Collapse of capital mobility*
- *Spread of nation-states and protectionism*
- *Rise in tariffs: Smoot-Hawley in the US, Imperial Preference*
- *Managing unemployment and the trilemma*

- *The failure of the United States to take on global leadership shaping the International Economic Order: the weakness of the League of Nations and multilateral architecture*
- *Trade/currency blocs and the drift toward World War II*

**VIII *The Resumption of Trade and the Revived Drive toward Globalization, 1950-present***

- *The Cold War and American support for multilateralism: Cold War competition or American hegemony?*
- *The Bretton Woods institutions and the revived gold standard system*

*Capital mobility resumes with collapse of American dollar based gold standard system of fixed exchange rates*

*The WTO/GATT: three competing principles: (1) universal non-discriminatory MFN; (2) Preferential trade arrangements acceptable (customs unions, free trade agreements); (3) Generalized system of Preferences*