

EC120 The World Economy in Historical Perspective

Assignment 2

This assignment must be submitted **no later than 12:00 on Monday 19 March 2012** via the University's *Online Coursework Submission* facility. You are welcome to submit assignments before the deadline but those submitted later will normally attract a mark of **zero**. The submitted file should not be watermarked. No paper copy should be submitted.

Late assignments will not be accepted for assessment — no extensions will be granted. See the *Undergraduate Economics Handbook*: “Coursework: assignments, tests and term papers”.

You are responsible for complying with the *Undergraduate Economics Handbook*: “A Guide to Good Practice in Assessed Work”.

You are strongly advised to read and follow the guidance in the *Undergraduate Economics Handbook*: “Making the best of your essays, term papers and projects”.

EC120-4-FY: If you are a **first year** student answer ONE of the following questions in an essay of at most 3,000 words.

1. Outline the ways in which international trade fostered industrialisation in the 18th and 19th centuries. Would you agree with Findlay and O'Rourke that “... if Britain had been closed to trade, the Industrial Revolution could not have been sustained”? Explain.
2. How did the Bretton Woods arrangements for international monetary payments adopted in 1944 differ from the classical gold standard as it operated before 1914? Discuss the extent to which these differences can account for the performance of the Bretton-Woods system in the two decades before its disintegration in the early 1970s.

EC120-5-FY: If you are a **second year** student answer ONE of the following questions in an essay of at most 3,000 words.

1. Outline, and critically evaluate, the principle of comparative advantage in seeking to explain the expansion of international trade in the 18th and early 19th centuries. Would you agree with Findlay and O'Rourke that “... if Britain had been closed to trade, the Industrial Revolution could not have been sustained”? Explain.
2. How can the Bretton Woods agreement of 1944 serve to illustrate the ‘international trilemma’, that national governments cannot simultaneously achieve all three of: (i) a fixed exchange rate; (ii) unrestricted international movement of capital; (iii) monetary independence (i.e. control over the stock of money)? Discuss the extent to which the tensions revealed by this trilemma help to account for the disintegration of the Bretton-Woods system in the early 1970s.
