Readings:

The books for this course are


Web Site:

The course web site is http://www.econ.umn.edu/~tkehoe/classes/4033-09.html. I will post assignments and most of the material that I distribute in class there.

Office Hours:

Wednesday, 9:00 am – 11:00 am at 4-175 Herbert M. Hanson Jr. Hall, 612-625-1589. There is a sign-up sheet outside my door. If you need to meet at some other time, please do not call me at home; send me an e-mail message at tkehoe@umn.edu.

Assignments:

There will be three problem sets, an in-class midterm exam, and an essay. There will not be a final exam. The essay will be 15-18 pages, typed and one-and-a-half or double spaced. All assignments must be completed in order to receive a final grade for the course.

Essay:

You are asked to write a research essay on a specific economic depression, a comparison of two depressions, a financial crisis that did not result in a depression, some feature common to a group of depressions, or some other topic closely related to the course. The essay will include analysis
of data and of a simple economic model as well as analysis of historical evidence. Writing the
essay will involve three major steps:

First, you need to come up with a topic and a preliminary list of sources. (If you would like to
propose a topic that does not fit into the categories given above, please talk to me during office
hours or set up an appointment.) The topic, described in a paragraph, and the list of sources
should be typewritten on one sheet of paper and submitted on 15 October. This step of the paper
writing process is important. You need to identify a topic for which you can find sufficient
references. You also need to begin to think about a point that you want to make in the paper,
what is often referred to as the paper’s argument or theme.

Second, you need to submit a first draft of your essay by 1 December. This draft will be returned
to you with a written evaluation, questions, and suggestions for improvements on 3 December. I
will make 15 minute individual appointments with all of the students in the course on 4
December and 7 December.

Third and finally, you need to submit the final draft of your essay by noon on 23 December. You
will be able to pick up your essay with a written evaluation at the department office one week
after the end of the semester. 20 percent of the essay grade will be based on the topic and list of
sources, 20 percent on the first draft, and 60 percent on the final draft.

Exam:

The exam will take place on 24 November. It will have of two parts. The first part will consist
of one or two questions based on the problem sets. The second part will have one or two essay
questions. If there is more than one question in a part, you will be asked to choose one question
to answer. I will distribute a study sheet with possible questions for the exam on 5 November.
This study sheet will let you know exactly what the exam will look like, but preparing well will
require you to prepare answers that cover all of the important aspects of the course. (That is the
point of an exam — preparing for it, not taking it.)

Grading:

Each problem set mark will be counted once, and the mark for the midterm exam and the essay
will be counted three times, providing a total of nine marks. The lowest of these marks will be
dropped and the remaining eight marks averaged. Notice that this means that, if the lowest grade
is that of the midterm or essay, its weight will be reduced, but it will not be completely dropped.
Please note that it is very easy to do extremely well on the problem sets if you keep up with the
material and turn in the problem sets on time. If you do well on the problem sets, you will do
well on the midterm exam. Thus, doing well on the problem sets is the key to doing well in the
course. This is not a course where you can do well with a whirl of intense activity at the end of
the semester.
S/N Policy:

To receive an S, you must complete all course assignments and achieve a grade of C or better.

Late Policy:

Any late assignment will be penalized 10 (out of 100) points for each class period it is late, up to a maximum of 40 points.

Cooperation on Assignments:

Students are permitted (and encouraged) to discuss the answers to problem sets together. Copying from another student's answers is not allowed.

Guidelines for Defining Scholastic Dishonesty:

The University Student Conduct Code defines scholastic dishonesty as follows:

Scholastic Dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis.

Scholastic dishonesty includes, but is not limited to, the description above. It could also be said that scholastic dishonesty is any act that violates the rights of another student with respect to academic work or that involves misrepresentation of a student’s own work. Also included would be cheating on assignments or examinations, inventing or falsifying research or other findings with the intent to deceive, submitting the same or substantially similar papers (or creative work) for more than one course without consent of all instructors concerned, depriving another of necessary course materials, and sabotaging another’s work. (CLA Classroom, Grading & Examination Procedures, http://advisingtools.class.umn.edu/cgep/studentconduct.html.)

Penalties for scholastic dishonesty of any kind in any course will entail an "F" for the particular assignment/exam or the course.

List of Topics and References:

1. What is a Great Depression?

T. J. Kehoe and E. C. Prescott, “Great Depressions of the Twentieth Century,” in Great Depressions of the Twentieth Century.


2. **Growth Accounting and the General Equilibrium Growth Model**


T. J. Kehoe and E. C. Prescott, “Great Depressions of the Twentieth Century,” in Great Depressions of the Twentieth Century.


3. **The Great Depression of the 1930s**

Three teams will argue in favor of three different hypotheses:

- The Great Depression was the result of bad policy on the part of the U.S. Federal Reserve System in reaction to the 1929 U.S. stock market crash.

- The breakdown of the world financial system in the 1920s and its aftermath caused the Great Depression.

- U.S. government policy exacerbated the crisis during the period 1930–33.

 Kindleberger and Aliber, Chapters 1–2.

 Kindleberger, Chapters 1–8, 14.

 Friedman and Schwartz.
4. Financial Crises and Central Banks


5. International Financial Crises and International Lenders of Last Resort


Kindleberger, Chapter 14.