American economic history is the most exciting and interesting course that you can take as a college student! I look forward to working with each of the twenty students enrolled in this course!

**COURSE GOALS:** Our goals for students in this course include, but are not limited to:

- Achieving **basic literacy in American economic history**, i.e., each student is able to identify and discuss cogently major financial crises in American economic history;
- Fostering **critical thinking** by demonstrating the ability to apply economic reasoning to historical stylized facts and policy problems;
- Applying **quantitative reasoning** using appropriate equations and graphs to illustrate theoretical and policy problems in American and global financial and economic crises;
- And developing the expertise needed to effectively **communicate your reasoning** to others in writing and in oral presentations.

**REQUIRED TEXTS**

  - Available in hardback, audible audio edition (unabridged), and the kindle.
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• Articles from professional economics journals, the *New York Times*, the *Economist*, and the *Wall Street Journal*.

CLASS WEB PAGES AND ECONOMIC HISTORY WEB PAGES

The syllabus, other class documents, handouts, articles, and updates are posted on the class website at [https://laulima.hawaii.edu/portal](https://laulima.hawaii.edu/portal).

COURSE REQUIREMENTS:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Paper (Book Review) &amp; In-Class Panel</td>
<td>20%</td>
</tr>
<tr>
<td>Three Short History and Policy Essays</td>
<td>30%</td>
</tr>
<tr>
<td>Attendance and Participation</td>
<td>15%</td>
</tr>
<tr>
<td>Midterm Examination (April 21)</td>
<td>34%</td>
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ATTENDANCE REQUIREMENTS

It is expected that students will attend ALL classes; be familiar with assigned readings prior to class; have reserved the scheduled class times to attend class and have not double-booked the time. Students who miss (unexcused for sickness or approved University events/travel) more than **FOUR** classes will have their attendance and participation grade marked down by 1% for each additional class missed. If you are missing more than **FOUR** classes, you are going to have problems passing the class—period. Please see me to discuss any extended absences.

Students are expected to participate in class discussions of assigned readings. Throughout the semester, the instructor will assign students to make a presentation for the next class or to serve on a panel to discuss the assigned readings and other topics.

BOOK REVIEW

Teams of four students will choose a book on the recent financial crisis from the list at the end of the syllabus and each student will write a 6-page review of the book. I will hand out several examples of excellent book reviews and make a ten-minute presentation on March 14 regarding essentials of reviewing a book. The book review is due to a student peer reviewer on April 1; the peer review is due on April 8; the final book review is due on April 14. Late assignments will be marked down by 1/3 of a grade per day (A to A-, etc.). A team of student who reviewed each of the books will make a presentation in class on April 26, 28, and May 2 and 4.
THREE SHORT CRITICAL ESSAYS

Students must meet with me to review the first draft of essays one and two prior to handing in their final draft. The first draft of essay three will be reviewed by a peer partner from the class.

Essay One. A critical review of Chapter 7 in Reinhart and Rogoff. First draft due on February 2. Final draft due on February 15.

Essay Two. Was the San Francisco Earthquake the underlying cause of the 1907 Financial Crisis? First draft due on March 7. Final draft due on March 16.

Essay Three. Professor Rajan argues in Faultlines that a major cause of the subprime financial crisis was rising inequality in the United States. Review and critique this argument. First draft due on April 22; send to assigned peer reviewer. Peer review due on April 26. Final draft due on May 2 in class.

MIDTERM EXAM

The midterm exam must be taken in class on the assigned date. It is scheduled for 3-4:45 pm on April 18 in our usual classroom.

QUESTIONS? PROBLEMS? NEED TO MAKE AN APPOINTMENT?

Please leave a phone or e-mail message if you need to make an appointment! If you are having problems with the course, come see me as soon as possible to discuss how to get back on track!

E-mail: lacroix@hawaii.edu
Phone: (808) 956-7061.

STUDENTS WITH DISABILITIES

Students with disabilities who may need disability-related classroom accommodations are encouraged to make an appointment to see me as soon as possible.

REQUIRED READING ASSIGNMENTS

The instructor reserves the right to change (add/delete) required readings as the semester progresses. Newspaper articles from New York Times web site will be assigned periodically. Early in the semester, plan to visit the Times web site and obtain a user name and password. The site is free; go to http://www.nytimes.com.
LECTURE CALENDAR AND READING LIST

Bored over Christmas break? Your parents are driving you crazy and your friends don’t return your calls? The Facebook website is down? No panic! Find a quiet corner and read Carmen Reinhart and Kenneth Rogoff, *This Time It’s Different* and Rajhuram Rajan, *Faultlines*. If you do this, the class will be much, much easier and smoother and enjoyable and less work during the semester.

First day of class is January 10 and last day of class is May 4. No class on Monday, January 17 or Monday, February 21 or during spring break (March 21 and 23).

January 10 Opening Class—Fast Review of Subprime Financial Crisis and Recovery

PART I: INTRODUCTION TO ECONOMIC CRISES

January 12 Reinhart and Rogoff, *This Time is Different*, chs. 1 and 2.

January 17 No Class: Martin Luther King Day Holiday! Can’t enjoy the holiday without reading some economics? Then check out Michael Bordo and John S. Landon-Lane, *The Global Financial Crisis: Is It Unprecedented*? (Latest version TBA.)

January 19 Reinhart and Rogoff, *This Time is Different*, chs 3 and 4.

January 24 Reinhart and Rogoff, *This Time is Different*, chs. 5 and 6.

January 26 Reinhart and Rogoff, *This Time is Different*, chs. 7 and 8.

January 31 Reinhart and Rogoff, *This Time is Different*, chs. 9 and 10.

February 2 Reinhart and Rogoff, *This Time is Different*, chs. 11 and 12.

PART II: US ECONOMIC CRISES THROUGH THE GREAT DEPRESSION

February 7 Crisis of 1792

February 9 First and Second Banks of the United States
February 14  Crisis of 1837 and the 1840s Debt Defaults by US States


February 16  Crisis of 1857


February 21  No Class: Presidents Day Holiday!

February 23  Civil War Finance and Optimal War Finance

Just a powerpoint! No reading.

February 28  Crises of 1873, 1884, 1890, and 1893 and the New York Clearing House


Elmus Wicker, Banking Panics of the Gilded Age. Cambridge University Press, 2000. (Not assigned—lecture material from this source.)
March 2  
The Panic of 1907


March 7  
Establishment of the Federal Reserve and World War I Finance


TBA: Article on Establishment of Federal Reserve and Aftermath.

March 9  
The Deep 1920-21 Recession and the Roaring 20s

March 14  
1929-1933: Stock Market Crash, the Fed’s Initial Response, Gold Reserve Requirements


Barry Eichengreen, Golden Fetters: The Gold Standard and the
Great Depression, 1919-1939. Oxford University Press, 1992. (Not assigned, but heavily used in lecture powerpoints.)

March 16


March 21/23
No Class—Spring Break

March 28
The New Deal


PART III FROM NEW DEAL FINANCIAL INSTITUTIONS TO SUBPRIME MELTDOWN

March 30
Banking in the Twentieth Century


April 4
Modern Stock Market Booms and Meltdowns and Monetary Policy


April 6    The Subprime Crisis I
           Rajan, Faultlines, pp. 1-82.

April 11   The Subprime Crisis II

April 13   The Subprime Crisis III
           Rajan, Faultlines, pp. 154-230.

April 18   In Class Midterm Examination!!!!!!!!!!

April 20   Student Team Book Presentations—peer graded.

April 25   Student Team Book Presentations—peer graded.

April 27   Student Team Book Presentations—peer graded.

May 2      Student Team Book Presentations—peer graded.

May 4      Student Team Book Presentations—peer graded.

ALOHA! Class ends. ALOHA!

Books for Team Book Reviews and Presentations


Richard Posner (2009), A Failure of Capitalism.

Andrew Ross Sorkin (2009), Too Big to Fail.


Michael Lewis (2010), The Big Short.

Joseph Stiglitz (2010), Freefall.

Nouriel Roubini and Stephen Mihm (2010), Crisis Economics.

Most books are in hardbook (most are less than $20 on Amazon), in audible audio (great to listen to your book on your i-pod/ipad/computer over spring break while you fly somewhere or enjoy the beach), and available on the kindle.