

HIS 364: Panics and Depressions in US History 1789-present

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This course examines the political, legal, economic, social, and cultural impact of economic downturns in American history, from the nation's founding through the Great Recession of 2008. Employing the case study method, it explores the interaction of the public will ("democracy") and the regulatory establishment, with the markets, institutions, and instruments in finance—set in the context of financial crises.

This course fulfills the **Writing II Proficiency, and the Entrepreneurial Elective** for the new Business minor.

There are no pre-requisites for this course. 3 credits.

Readings

Books are available for purchase at the PC Bookstore or used online. Students will also be required to purchase directly a packet of case studies from Harvard Business School Press.

- Required:
- * *Other People's Money: How Banking Worked in the Early American Republic*, Sharon Ann Murphy (2017)
 - * *Crash! How the Economic Boom and Bust of the 1920s Worked*, Phillip G. Payne (2015)
 - * Harvard Business School Press case packet
 - * readings on Sakai

Learning Objectives

The modern financial system is inherently vulnerable to “runs” by depositors, investors, and creditors. Despite reasoned (and sometimes heroic) efforts by leaders in the public and private sectors, financial crises will continue to be an “inconvenient” fact. Therefore, the preparation of future leaders should entail learning in at least four areas:

- Definition and causes: What are “financial crises?” Why do they occur?
- Processes: How do crises begin, spread, and eventually end?
- Reaction: What are the various ways in which the civic sphere reacts? Why? How well has the civic reaction served the commonwealth?
- Implications: What should leaders do?

As a result of having met the requirements of this course, the student is expected to be able to:

Objective	Method of Assessment
Identify patterns in the causes and consequences of financial crises, and the different <i>kinds</i> of crises.	<ol style="list-style-type: none"> 1. midterm/final exams 2. weekly response papers 3. class discussion 4. assigned readings
Review the role that individual leadership plays in responding to crises.	<ol style="list-style-type: none"> 1. midterm/final exams 2. weekly response papers 3. class discussion 4. assigned readings
Characterize the public response to crises, particularly changes in political sentiment and in regulations.	<ol style="list-style-type: none"> 1. midterm/final exams 2. weekly response papers 3. class discussion 4. assigned readings
Determine <i>trends</i> over time: how crises and public response have tended to evolve.	<ol style="list-style-type: none"> 1. midterm/final exams 2. weekly response papers 3. class discussion 4. research paper
Explore the pattern of interaction between finance and democracy in the past and consider how it may play out on current topics going forward in time.	<ol style="list-style-type: none"> 1. peer-led discussion 2. weekly response papers 3. final essay
Model how we can have a conversation about causes and remedies of crises, and about the role of the financial sector in America.	<ol style="list-style-type: none"> 1. peer-led discussion 2. weekly response papers 3. final essay
Develop and improve critical thinking, reading, and writing skills, and express ideas clearly and succinctly in oral and written work [Writing II proficiency]	<ol style="list-style-type: none"> 1. research paper 2. intermediate paper drafts & assignments 3. weekly response papers

This course fulfills the federal definition of the credit hour: Students are expected to engage with course materials for a minimum total of 1 hour in class plus 2 hours out of class over the course of approximately 15 weeks for each 1 hour of credit.

Grading

	Scale
• Class Participation (15%)	
• Midterm Exam (10%): Thursday, March 1	
• Research Paper (25% = 10% assignments A, B, & C + 15% final draft)	A = 100-93
• Assignment A: Tuesday, January 30 (in class)	A- = 92-90
• Assignment B: Tuesday, February 20 (in class)	B+ = 89-87
• Assignment C: Thursday, April 5 (in class)	B = 86-83
• Assignment C (revised): Thursday, May 3 (in class)	B- = 82-80
• Rewrite (optional draft 3): TBA	C+ = 79-77
• Reading Responses (20%): 14 assigned; average best 10	C = 76-73
• Peer-led Discussion and write-up (10%)	C- = 72-70
• Final Exam	D+ = 69-67
• “second midterm” (10%): TBA	D = 66-63
• Cumulative Essay (10%): TBA	D- = 62-60
	F = 59-0

Course Requirements

- **Read all assigned material.** You must come to class having read and taken notes on the assigned readings.
- **Attend all classes.** Attendance is mandatory, unless you have a signed note *from the Dean's office* or an official note that you will be attending a college-sponsored event.

If you are unable to attend class *for any reason* (excused or unexcused), you will receive a zero for participation that day unless you submit a 1000 word (approximately 4 double-spaced, typed pages) written review of the assigned reading material by the following class (in addition to any other assignments due in class that day). A word count must be included on this assignment.

If you have more than 3 unexcused absences, you will automatically receive an F for the participation portion of your grade for the entire semester.

Excused absences are determined at *my* discretion, but will include college-related activities and Dean's excuses. When possible, excused absences must be cleared with me before the class in question.
- **Actively participate in class.** In determining your discussion grade, I will take into account both your level of preparation for class and the **quality** of your input. Since this is such a large portion of your final grade, it is in your best interest to contribute to the proceedings. Students who are reticent about speaking should visit me during office hours to discuss the issue.
- **Actively engage with the reading responses.** Most class days, I will give you a question to think about as you do your assigned reading. Submit a short (but well thought-out) 400-500 word (~1.5 page) typed response, due in class. A word count must be included on all responses. Final grade is the average of your 10 highest responses.

- **Lead a class discussion.** In groups, each student will lead a class discussion. Prior to that discussion, the students will be required to meet with me to discuss the organization and content of their discussion. After the discussion, you will each (individually) submit a 900-1200 word (3-4 page) “post-mortem” in which you: (a) describe your plan going into the discussion; (b) describe your specific role in the planning and execution of this plan, (c) analyze which aspects went well and which went poorly, and (d) consider how you could have improved upon the discussion, in retrospect. This is due within 3 weeks of the discussion.
- **Turn in assignments on time.** Late assignments turned in within 24 hours of time due will be penalized 8 points, and 15 points if handed in within 48 hours. No assignments will be accepted more than 48 hours late.
- **Do your own work.** Papers must be your own work and NOT something written by someone else, taken off the internet, written for another class, etc. You **are permitted** to have outsiders read your papers and comment on them, but they **may not** rewrite any portion of the paper. For example, **permitted:** “I don’t understand what you are trying to say in this paragraph” or “I’m not sure that this sentence makes sense grammatically” or “You have too many run-on sentences” or “Your thesis is not clear.” **Not permitted:** “Wouldn’t this paragraph make more sense if you wrote it this way?” or “You aren’t using commas properly so I changed where you are putting them” or “I think you’re argument would be better if you said this.”

You are always permitted to go to the Writing Center at the Office of Academic Services to get help with writing papers.

- **Policy on Academic Honesty:** Students who are discovered to have cheated on any assignment will be assigned the grade of 0 for that assignment, with possible further penalties depending on the severity of the infraction. A second infraction will automatically result in the grade of F for the course. *All incidents* will be reported to the Dean of Undergraduate Studies, as required by the PC Policy on Academic Honesty in student handbook.
- **College copyright policy:** Materials used in connection with this course may be protected by Copyright Law. Additionally, students may not share class materials without the express permission of the instructor. For more information, including Fair Use guidelines, please see the College’s Copyright Policy and Guidelines at <http://www.providence.edu/library/research/Pages/copyright.aspx>.
- **Disability accommodations:** Resources for disability accommodations are available to students through the Office of Academic Services and the Writing Center. **Note:** Students who may require academic accommodations based on a documented disability should make the necessary arrangements as soon as possible. All accommodations must be arranged through the Office of Academic Services.
- **The Office of Academic Services (OAS),** located on the upper level of the Philips Memorial Library, offers a wide variety of support services for all PC students, including group and individual tutoring, academic skills mentoring, disability support, and writing assistance. For additional information about the office, go to <http://www.providence.edu/academic-services> or call 865-2494.
 - Tutorial Services 865-2855
 - Academic Skills Mentoring 865-2667
 - Writing Center 865-1286
 - Disability Support 865-1121
- Syllabus and calendar may change over course of the semester at the sole discretion of the instructor. All changes, including class cancellations due to weather or other emergencies, will be communicated to students in class and/or through email and Sakai.

Participation Rubric

	Excellent (A)	Good (B)	Average (C)	Needs Help/ Inadequate (D-F)
Attendance/ Promptness	Student is always prompt and never misses class without documentation.	Student is occasionally late (once every few weeks) and regularly attends class (few or no undocumented absences).	Student is often late but regularly attends class (few or no undocumented absences).	Student is frequently late and/or has poor attendance of classes.
Level of Engagement * This will comprise the majority of your participation grade.	Student contributes to class by offering ideas and asking questions several times per class. These comments demonstrate careful engagement with the text.	Student contributes to class by offering ideas and asking questions more than once per class. These comments demonstrate engagement with the text.	Student contributes to class by offering ideas and asking questions once per class. These comments demonstrate familiarity with the text.	Student rarely contributes to class by offering ideas and asking questions. The student demonstrates little or no familiarity with the text.
Listening Skills	Student listens when others speak, and often incorporates or builds on ideas of others.	Student listens when others speak, and occasionally incorporates or builds on ideas of others.	Student listens when others speak.	Student does not listen when others speak and/or is disruptive .
Behavior	Student never displays disruptive behavior in class.	Student rarely displays disruptive behavior in class.	Student occasionally displays disruptive behavior in class.	Student frequently displays disruptive behavior in class.
Preparation	Student is always prepared for class. S/he has read all required readings and completed all assignments. S/he always brings readings to class.	Student is usually prepared for class. S/he has read most required readings and completed all assignments. S/he usually brings readings to class.	Student is often prepared for class. S/he has read most required readings and completed most assignments. S/he sometimes brings readings to class.	Student is rarely prepared for class. S/he does not read required readings and/or complete assignments. S/he rarely brings readings to class.

Course Schedule

Tuesday January 16: Introduction and overview of the United States in 1789

Thursday January 18: Constitutional Finance

Readings: Murphy, *Other People's Money*, p. 8-34

“Constructing a Nation: The United States and Their Constitution, 1763-1792” [in HBSP case packet]

****Response Paper 1 due: question TBA**

Tuesday January 23: Wall Street's First Panic

Readings: Murphy, *Other People's Money*, p. 34-67

“The Panic of 1791, Hamilton's Reports, and the Rise of Faction” [in HBSP case packet]

****Response Paper 2a due: question TBA**

Thursday January 25: The Panic of 1819 and the Second Bank of the United States

Readings: Murphy, *Other People's Money*, p. 67-88

“The Second Bank and the Panic of 1819” [in HBSP case packet]

****Response Paper 2b due: question TBA**

Tuesday January 30: The Bank War

Readings: Murphy, *Other People's Money*, p. 1-7, 88-99

****Paper Assignment A due****

Thursday February 1: The Panic of 1837 and the Market Revolution

Readings: Murphy, *Other People's Money*, p. 99-102

“The Panic of 1837 and the Market Revolution in America” [in HBSP case packet]

****Response Paper 3 due: question TBA**

Tuesday February 6: Experiments in Banking

Readings: Murphy, *Other People's Money*, p. 103-127

****Response Paper 4a due: question TBA**

Thursday February 8: The Panic of 1857 and the Secession Crisis

Readings: Murphy, *Other People's Money*, p. 128-132

“The Panic of 1857 and Secession” [in HBSP case packet]

****Response Paper 4b due: question TBA**

Tuesday February 13: The Civil War

Readings: Murphy, *Other People's Money*, p. 133-162

“The Panic of 1861 and the Greenback Era” [in HBSP case packet]

****Response Paper 5a due: question TBA**

Thursday February 15: Finance in the Gilded Age I

Readings: “The Panic of 1873, Deflation, and Resumption” [in HBSP case packet]

****Response Paper 5b due: question TBA**

Tuesday February 20: **NO CLASS** [Monday schedule]

****Paper Assignment B due****

Thursday February 22: Finance in the Gilded Age II

Readings: “The Panic of 1893 and the High Tide of Populism” [in HBSP case packet]

****Response Paper 6a due: question TBA**

Tuesday February 27: Panics and Progressives

Readings: “The Panic of 1907 and the High Tide of Progressivism” [in HBSP case packet]

****Response Paper 6b due: question TBA**

Thursday March 1: **MIDTERM**

Spring Break

Tuesday March 13: The Creation of the Federal Reserve

Readings: TBD

****Response Paper 7a due: question TBA**

Thursday March 16: The Aftermath of World War I

Readings: “Financing American Housing Construction in the Aftermath of War” [in HBSP case packet]

****Response Paper 7b due:** *question TBA*

Tuesday March 15: Decade of Speculation

Readings: Payne, *Crash!* chapters 1-3

****Response Paper 8a due:** *question TBA*

Thursday March 20: Crash!

Readings: “Forecasting the Great Depression” [in HBSP case packet]
Payne, *Crash!* chapter 4

****Response Paper 8b due:** *question TBA*

Tuesday March 22: Testing the Federal Reserve

Readings: “The Federal Reserve and the Banking Crisis of 1931” [in HBSP case packet]

****Response Paper 9a due:** *question TBA*

Thursday March 27: The New Deal I

Readings: Payne, *Crash!* chapter 4
“The Pecora Hearings” [in HBSP case packet]

****Response Paper 9b due:** *question TBA*

Easter Break

Tuesday April 3: The New Deal II

Readings: “The Banking Panic of 1933 and Federal Deposit Insurance” [in HBSP case packet]

McCraw, *Prophets of Regulation*, selections from chap. 5 [on Sakai]

****Response Paper 10 due:** *question TBA*

Thursday April 5: [NO CLASS]

****Paper Assignment C due****

Tuesday April 10: From Bretton Woods to Nixon

Readings: “The Bretton Woods Era and the Re-Emergence of Global Finance, 1945-1973” [on Sakai]
“Nixon’s New Economic Policy: 1971” [in HBSP case packet]

****Response Paper 11a due:** *question TBA*

Thursday April 12: Changes in the Banking Industry

Readings: “On the History of the U.S. Financial Culture” [on Sakai]

****Response Paper 11b due:** *question TBA*

Tuesday April 17: Frauds and Scandals

Readings: “Jeff Skilling, Bernie Madoff the Monster & the Other Smartest Guys of the Room,” (in HBSP case packet)
Watch *The Smartest Guys in the Room*

****Response Paper 12a due:** *question TBA*

Thursday April 19: 2008 [part I]

Readings: “Investment Banking in 2008” [in HBSP case packet]
“Lehman Brothers” [in HBSP case packet]

****Response Paper 12b due:** *question TBA*

Tuesday April 24: 2008 [part II]

Readings: Watch *The Big Short*

****Response Paper 13a due:** *question TBA*

Thursday April 26: 2008

Readings: “Fighting a Dangerous Financial Fire: The Federal Response to the Crisis of 2007-2009” [in HBSP case packet]

****Response Paper 13b due:** *question TBA*

Tuesday May 1: From Glass-Steagall to Dodd-Frank

Readings: TBD

****Response Paper 14 due:** *question TBA*

Thursday May 3: The Future of Finance in the United States

****Paper Assignment C (revised) due****

HIS 364: Panics and Depressions in US History Paper Project

The purpose of this assignment is to examine the impact (political, legal, economic, social, and/or cultural) of an economic downturn in American history (**no later than 1990**), placing it in the context of both the financial environment and the larger history of the period. This downturn can be a widespread one affecting the entire economy (like the Great Depression), something specific to a particular industry or part of the country, or something caused by non-economic forces such as a war.

ASSIGNMENT A: Getting Started

Each student will choose *at least* **three** financial documents dealing with the same downturn. Possible document sources include (students should consult me regarding documents from other sources):

Records of the Treasury Department <https://www.archives.gov/research/guide-fed-records/groups/056.html>

Records of the Federal Reserve System <https://www.archives.gov/research/guide-fed-records/groups/082.html>

Museum of American Finance <https://www.moaf.org/>

National Numismatic Collection <http://americanhistory.si.edu/national-numismatic-collection>

You will need to narrow down your topic beyond your choice of downturn, so browse through the documents to find a specific focus. Make sure that the documents you pick are unique from each other (you don't want three renditions of the same document), but still address the same focused topic.

Once you have selected your documents, you will need to find *at least* **three primary** source newspaper or magazine articles that discuss the impact of this downturn from your specific angle. Search in the following databases (all available online through the Phillip's Memorial Library website):

- Readers' Guide Retrospective, 1890 – 1982 (searches hundreds of magazines and journals)
*****use Article Linker*****
- Historical New York Times (1851-2002)(full text; keyword searchable)
- Historical Wall Street Journal (1889-1991) (full text; keyword searchable)
- America's Historical Newspapers (full text; keyword searchable)
 - Early American Newspapers (1690-1922)
 - African American Newspapers (1827-1998)
 - Hispanic American Newspapers (1808-1980)
- **JSTOR** (full text journal articles) – these may be primary sources if published around the time of the ads

Once you have selected your documents and articles, save them as pdfs. You will upload these to the Sakai dropbox, along with a one-paragraph (total) explanation of your selections.

Due date: Tuesday, January 30 [pdfs uploaded to Sakai; paragraph handed in class]

ASSIGNMENT B: Primary Source Analysis

Consult a history textbook (on reserve) for a basic overview of your time period. Next, analyze your documents and articles [you are permitted to add or change your sources from Part A, as long as you still have a *minimum* of 3 documents and 3 articles]. Then write a paper of 1000-1250 words (approximately 4–5 pages, double-spaced, 12 point) with a coherent argument based on your analysis of these sources. Begin by considering: What was the impact of this downturn on some aspect of society (political, legal, economic, social, and/or cultural)? What did public or government reaction indicate about the financial environment of the period? How did these reactions reflect the larger history of the period? ****You are NOT supposed to be answering all of these questions in your essay. They are things to think about as you form a thesis.**** Ultimately, you are sketching out a preliminary argument about the effect of this downturn on society. [For more, see the handout: "Analysis of a Text-Based Primary Source" on Sakai.]

Use these sources to draw inferences and formulate a hypothesis: what can we learn about the impact of the downturn from these sources? For now, it is okay to conclude your paper with unanswered questions that you hope to resolve later. As you draw a tentative conclusion about the significance of the sources, you may wish to lay out a set of unanswered questions that might lead to a conclusion, or propose avenues of research that might resolve your unanswered questions.

Due date (uploaded to Sakai): Tuesday, February 20

HIS 364: Panics and Depressions in US History Paper Project

*****Include a descriptive title, page numbers, word count, footnotes (according to handout on Sakai), and full bibliography.**

ASSIGNMENT C: Secondary Source Analysis

Now you need to find out how your downturn fits into the larger financial and historical context by consulting secondary sources on your time period and specific topic. Have historians overlooked the issues your sources raise? Are your sources responding to or reflecting a particular moment in history? Think broadly about what types of sources you consult. Were there gender, ethnic, or class issues inherent in your documents? Did these documents reflect a particular mindset of the period? Did they reflect a certain understanding of the financial system? or certain assumptions about the financial system? Did certain groups react differently than others? if so, why? **Again, these questions are to help you think about your thesis. Not all will be relevant to your project and you certainly should *not* try to address all of them in your paper.**

For this assignment you should use *at least three* secondary sources beyond the textbook (encyclopedias or encyclopedic websites do NOT count). These sources could be either books or journal articles. I have placed a few general books on financial history on reserve in the library. The following search engines for secondary sources are all available through the Phillip's Memorial website:

- **HELIN** (PC library catalogue; access to books in all RI colleges)
- **JSTOR** (journal articles)
- **Project Muse** (journal articles)
- **Cambridge Journals Online**
- **Oxford Journals**

If you would like to use ANY website not expressly mentioned in this assignment, you need approval from the professor BEFORE you turn in the assignment unless it ends in .edu or .gov.

Now draw some conclusions. Write a paper of 2000-3000 words (approximately 8-12 pages) in length. The initial paper from Assignment B will be incorporated into this larger paper, although it should be revised to reflect both the comments from the professor and what you now have learned from the secondary sources. What was the specific impact of this financial downturn? How did the public and/or the government react? **Again, these questions are meant to point you in the direction of a conclusion.**

Remember, history does not always present an easy or complete picture. Try not to be discouraged if you run into setbacks, pitfalls, or dead ends, and try to avoid wandering too far into irrelevant tangents. Build towards a central argument. Your job as a historian is to be clever as well as careful, imaginative as well as discriminating.

Due date (first draft, upload to Sakai): Thursday, April 5

*****Include a descriptive title, page numbers, word count, footnotes (according to handout on Sakai), and full bibliography.**

Due date (second draft, upload to Sakai): Thursday, May 3

N.B.: If your second draft is not *significantly* revised from your first draft, you will automatically receive no more than a D as your paper grade.

Optional rewrite (uploaded to Sakai): TBA

If you choose to write a third draft, your final grade will be the *average* of your grades on the second and third drafts.

