Clearly, this topic is “hot” because of the major financial bubble and its aftermath that we continue to struggle through – the largest in three quarters of a century. But in a larger sense, for as long as there has been capitalism, this subject has been hot.

How are we to make sense of these market upheavals? Do financial bubbles and panics possess common elements? Are they “irrational,” and if so, how? What can we do to detect, and possibly prevent, financial bubbles and panics? Or are they an unavoidable consequence of market-driven economies?

We will take on these questions with a multidisciplinary toolkit by reading, viewing, and talking about theories and case studies of key financial bubbles and panics in the West, some quite old, others recent. Our toolkit will include finance, economics (including behavioral economics), history, psychology, sociology, and evolutionary biology.

Requirements: We will investigate each topic through multimedia presentations, discussions, and required readings. All written work should be submitted to the instructor at dsicilia1@gmail.com. Course assignments and the basis for grades calculation are as follows:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Date due</th>
<th>percent of course grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>class participation</td>
<td>each class</td>
<td>25</td>
</tr>
<tr>
<td>short answer exam 1</td>
<td>2/21</td>
<td>10</td>
</tr>
<tr>
<td>short longer essays (2)</td>
<td>3/13</td>
<td>15</td>
</tr>
<tr>
<td>case analysis/presentation</td>
<td>2/28-3/13</td>
<td>50</td>
</tr>
</tbody>
</table>

Class participation. Classroom discussions are one of the most important components of the course. The best way to earn high marks for discussion is to complete each week’s required reading before class meetings; bring to class specific questions and issues for discussion; and participate regularly and constructively in class discussions.

Make-up Exams and Late Papers. If for any family or medical reason you find it absolutely necessary to miss an in-class examination, you must contact the instructor before the examination to obtain his consent to your absence if you wish to take a make-up exam. Papers are due before class on their due dates. Unless you make other
arrangements with the instructor, late papers will be penalized one half letter grade (5 points) for each day of tardiness.

**Disputing Grades.** If you believe one of your assignments was graded unfairly, reread the assignment and the professor’s comments, write down the reasons why you think the grade was inappropriate, and make an appointment to meet with the professor.

**Students with Disabilities.** Please inform the instructor at the beginning of the semester if you require any disability-related special accommodations.

**Religious Observances.** The University System of Maryland policy provides that students not be penalized because of observances of religious beliefs, but rather shall be given an opportunity, whenever feasible, to make up within a reasonable time any academic assignment missed due to individual participation in religious observances. Please inform the instructor at the beginning of the semester if you are going to miss any assignments due to religious observances by personally handing him written notification of the projected absence at the beginning of the semester.

**Academic Integrity.** The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit [http://www.shc.umd.edu](http://www.shc.umd.edu).

To further exhibit your commitment to academic integrity, remember to sign the Honor Pledge on all examinations and assignments: "I pledge on my honor that I have not given or received any unauthorized assistance on this examination (assignment)."

**Required readings.** The following book is available for purchase at the University Book Center.


**Team project.** At the start of the term, each student will join a team that will select as its research topic a financial crisis that occurred during one of these years: 1819, 1837, 1857, 1873, 1893, 1907, 1929, 1962, 1973, 1981, 1987, 1991, 1994, 1997, or 2001. Each team will research the crisis using relevant information from the three books (on reserve in McKeldin Library) listed below PLUS three additional books or articles to be approved by the instructor via email.

• Carmen Reinhart and Kenneth Rogoff, This Time is Different (2009).

Each team will prepare a 15-20 minute class PowerPoint presentation that will:

1. provide a historical overview of the financial crisis
2. provide analysis about the origins/causes of the crisis
3. provide analysis about how and why the crisis ended
4. relate the case study of this particular crisis to concepts and theories discussed in the course (in readings and discussions)
5. offer three discussion questions for the class

Following the team’s formal presentation, the team will address questions from the class and lead a discussion of the case and the discussion questions for the remaining time. The total in-class time for the team’s project – including the formal presentation, Q&A, and discussion – should be no more than 35 minutes.

All members of the team should participate in preparing and delivering the formal presentation, and conducting the class discussion. All team members will earn the same grade on the project.

Following team presentations, the instructor will post team PowerPoint slideshows to the course Blackboard website. The first slide should include the name of the project and the names of all team members.

Schedule

Jan. 31 -- Introduction

Feb. 7 – Typical Patterns, the Role of Credit, and Minsky’s Theory
  • Required reading: Kindleberger, chs. 1-4.

Feb. 14 – The Wealth Effect, Scandals, and Contagion
  • Required reading: Kindleberger, chs. 5-9.

Feb. 21 – Prevention and Intervention; short in-class exam 1
  • Required reading: Kindleberger, chs. 10-13.

Feb. 28 – Presentations by Teams 1-3

March 6 – Presentations by Team 4-5

March 13 – Presentations by Teams 6-7; short in-class exam 2