



**MARMARA UNIVERSITY
THE DEPARTMENT OF ECONOMICS**

**ECO 461
International Monetary Economics I
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Due date: Nov. 11, 2004

HOMEWORK ASSIGNMENT II

**ESSAY ON GOLD STANDARD AND THE GREAT DEPRESSION
General Outline**

Write a 5-6 pages of essay on Gold Standard and its relevance to the Great Depression in 1929 based on the general outline given below.

- 1** – Based on the articles except by Christina Romer, summarize the economic conditions, in two or three paragraph, that prevailed during the interwar years in the world, mainly in the U.S.A. and Europe.
- 2** – What are the channels, asserted by different authors, through which the structural flaws and the “rules of the game” of Gold Standard system caused the economic conditions in that period to turn into depression?
- 3** – Based on your knowledge on economics and the workings of Gold Standard mechanism, explain **analytically** how **each channel** operates in macroeconomic context.
- 4** – James Devine, in his study “ *The Causes of the 1929-33 Great Collapse: A Marxian Interpretation*”, criticizes the other authors’ explanations on several main points, particularly the ones focusing on the mistakes made by the political authorities. What are these main points and how does he explain them.