

Economics 313, A Tale of Two Recessions: 2008 and 2020.

Fall 2020, Module A

Bates College

Paul Shea

Class Times: 8:00/8:15 AM. I intend to conduct this class in-person while following all governmental and college public health regulations. I cannot rule out the risk that public health considerations will force the class to switch to a remote format, although that is not my preference.

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Office Hours: TBA.

Office: 270 Pettingill.

Course Website: www.paulshea.com. This site includes lecture notes, class announcements, readings, and assignments. Note that the class website is unrelated to Lyceum.

Course Description: This seminar compares the two most recent U.S. recessions: the Great Recession of 2007-09 and the Covid-19 recession of 2020. The course examines the housing bubble which preceded the Great Recession, as well as the roles of monetary, fiscal, and regulatory policies. It then examines the aftermath of the Great Recession, including the slow recovery of the labor market, and the European debt crisis. It then compares the Great Recession to the ongoing Covid-19 recession.

Modular Setup: This course is being modified to accommodate the modular schedule for 2020-21 academic year. The class will meet four times a week (skipping either a Tuesday or Wednesday each week).

Twice a week (usually during the first and third meetings of the week), I will present the core material of the course. If we are forced to go remote, these will likely become asynchronous lectures. The other meetings will be more discussion based. We will discuss current events, out-

standing assignments, and pairs of students will debate policy issues related to the course content. If we are forced to go remote, these will likely become synchronous zoom meetings

Prerequisites: Econ 255 and 270.

Reading Materials: There is no assigned textbook. Students, however, are encouraged to own an intermediate macroeconomics textbook (an older edition will probably be fine). Readings will be assigned for each topic. These will range from non-technical sources such as popular press articles and op/ed pieces to technical articles written for a more academic audience.

Assignments: Your grade consists of the following:

i) A final paper. This assignment will be discussed in greater detail early in the term. Its due date is Friday, October 16. **37.5% of your grade.**

ii) A short (about 15 minutes) class presentation on a policy issue related to the recent economic downturn. This assignment will also be discussed in greater detail early in the term. **20% of your grade.**

iii) Periodic homework assignments. These will typically consist of short writing assignments. **25% of your grade.**

iv) A final quiz. **17.5% of your grade.** . The following process will determine each student's final

grade:

1. All grades will be converted into numerical scores using the standard $A+ = 4.33$, $A = 4$, $A- = 3.67$, $B+ = 3.33$, etc. scale.

2. I will then take a weighted average of these scores and round to the nearest third. The final letter grade will then be determined by the scale from 1.

3. I may then adjust the cutoffs for final letter grades to reflect my subjective assessment of student performance. I will not lower any student's grade in this manner. For example, if you end up with

a 2.1, your course grade will be no worse than a C, but I may choose to award a higher grade if I deem it appropriate.

4. All students shall have the same opportunity to succeed in this course. There is no extra credit. Please do not ask.

5. I reserve to bump up a student's final grade, up to 2/3 of a letter grade, if their participation in the class constitutes a major positive externality to the rest of the class.

Contesting of Grades: Grades reflect your mastery of the course material and concepts. Factors that do not affect your grade include, but are not limited to, your effort, your personality, the grade you "need" to achieve your hopes and dreams, how much you liked or hated the class, and your grades in other courses. Requests to change your grade on these grounds will be ignored.

On the other hand, I do consider grade appeals on the basis of a mis-graded assignment, or an error in calculating your grade. If you suspect that this applies to you, please 1) submit your appeal to me via email within one week of my returning an assignment or submitting final grades, and 2) limit your appeal to these grounds.

Save all of your graded work. If I have no record of a completed assignment, and if you cannot present your graded assignment, then you will receive no credit for the assignment in question.

Inability to Complete Course Requirements: If you know that you cannot attend an exam or complete an assignment due to a non-college excused commitment, do not take this class. If an unanticipated commitment arises that prevents you from satisfying any of the course requirements, you must have your conflict verified by the Dean of Students' office. Be aware that this office will require documentation of all illnesses and deaths in the family. I will not personally judge the validity of students' conflicts. I reserve the right to either offer a makeup or roll the weight of the missed assignment into the other graded elements of the course.

Academic Dishonesty: I will pursue any instances of academic dishonesty. Historically, I have been very aggressive in investigating and sanctioning cheating.

Students with Disabilities: If you have a documented disability and need an accommodation, please make arrangements with me during the first week of the term. Please request that the Dean of Students; office send me a letter verifying your disability. You are unlikely to receive any substantial accommodation if you wait until right before an exam to notify me.

Please note that I am not qualified to diagnose a disability. You must therefore always go through the College.

Tentative Course Plan: To be Adjusted as Needed

Wednesday, 9/2 (L): Class Overview. The Housing Bubble.

Thursday, 9/3 (D): Debate Organization.

Monday, 9/7 (L): Speculative Bubbles.

Wednesday, 9/9 (D): Debate: Should Governments Promote Home Ownership as a Stand-Alone Goal?

Thursday, 9/10 (L): Housing and Policy.

Friday, 9/11 (D): Debate: Did the Government Sponsored Enterprises Cause the Housing Bubble?

Monday, 9/14 (L): Mortgage Backed Securities.

Tuesday, 9/15 (D): Debate: Did the Fed Keep Interest Rates “Too Low for Too Long”.

Thursday, 9/17 (L): Credit Cycles.

Friday, 9/18 (D): Debate: Do the Big Three Credit Rating Agencies Deserve Much of the Blame for the Great Recession?

Monday, 9/21 (L): Propagation and Panic.

Wednesday, 9/23 (D): Debate: Should the Fed have Saved Lehman Brothers?

Thursday, 9/24 (L): Monetary Policy Overview

Friday, 9/25 (D): Debate: Current Fiscal Policy.

Monday, 9/28 (L): Non-Conventional Monetary Policy.

Wednesday, 9/30 (D): Debate: Does Conventional Monetary Policy Work?

Thursday, 10/1 (L): Fiscal Policy Overview.

Friday, 10/2 (D): Debate: Does Dodd-Frank Reduce the Risk of Financial Crises?

Monday, 10/5 (L): Fiscal Policy in Response to the Great Recession.

Wednesday, 10/7 (D): Debate: Was the ARRA Good Policy?.

Thursday, 10/8 (L): Europe.

Friday, 10/9 (D): Debate: Is the Euro a Good Idea? Is the band Europe Underrated?

Monday, 10/12 (L): The Covid-19 Recession.

Tuesday, 10/13 (D): Debate: Were Lockdowns Good Public Policy?