

**ECO 150, Fall 2022, Required Homework Assignment #1**  
**Due by 5 PM on September 23**

There are two objectives for this assignment: 1) to have you collect some economic data and work with it, and 2) to apply introductory concepts to President Biden's proposed plan for partial student loan forgiveness.

To get started, read about the basics of the plan. Here is one [writeup from PBS](#), there are many others. This [breakdown from the Wharton School](#) will also help you.

**Instructions:** Answer all questions. In most cases, one or two concise paragraphs are sufficient and you should avoid the temptation to write more.

1. Briefly describe the basics of the plan and why President Biden decided to propose it.
2. One way to think about the trade-offs involved with this policy is to think about who benefits and who is harmed. Who are the winners associated with this policy? How do they compare to the population as a whole in terms of income, wealth, or other demographics?
3. Who are the losers associated with this policy? How do they compare to the population as a whole in terms of income, wealth, or other demographics?
4. Another consideration of this policy is how it might change people's incentives and how it could affect the decisions of people deciding if and where to attend college? Read this [discussion of externalities](#) from the St. Louis Fed. How might this policy incentivize more socially beneficial behavior?
5. Read this [discussion of moral hazard](#) after the Global Financial Crisis from *NPR*. How might this policy incentivize more socially undesirable behavior?
6. What other evidence would you want to determine if this policy is worthwhile?

The next several questions ask you to collect some data and so basic calculations in a spreadsheet program (*e.g.* Excel, Google Sheets). I will conduct a demonstration in class.

7. Collect data on student loans in the United States. Your data should be annual and cover at least the past ten years. Calculate. Attach a one-page screenshot of one page of your data. What is the source for your data?
8. Report the average and standard deviation of student loan debt.

9. Report the average annual growth rate of student loan debt.

10. Ideally, your data would be *real* instead of *nominal* and *per-capita* instead of total. Explain what these terms mean and how you might transform your data to make them real and per-capita. Note that you need not actually make this transformation.