

Econ 197S: Student Loans, Other Debt, and the U.S. Economy
Spring 2020
Syllabus
Updated January 22, 2020

Meeting Times

Tuesdays & Thursdays
4:00-5:15pm
Machmer E-10

Instructor Information

Anastasia C. Wilson
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Office Hours

2:45-3:45pm Tuesdays or after class or by appointment
Gordon Hall 107

Course Description

Econ 197S Student Loans, Debt, and the U.S. Economy explores the economy through the lens of debt. The course is structured around four main units:

- 1.) Student loans and their impact on students, families, and the macroeconomy
- 2.) Household consumer debt, including mortgages, and its macroeconomic effects, with special focus on understanding the 2008 Financial Crisis and Great Recession
- 3.) Corporate debt and its implications for financial stability
- 4.) Government debt and its macroeconomic impacts

Students will gain an understanding of how debt works in the economy, as well as the broader political economic context of debt financing and financialization. We will explore answers to several important questions such as: What is debt and its function in society? How does debt emerge in capitalist economies? Is there a student loan debt crisis, and what are potential policy solutions? What were the causes and consequences of the 2008 Financial Crisis? What is corporate debt and what are its implications for the stability of the economy? What is government debt and its role in the economy? Throughout the course, we will explore a mix of theory, applied empirical studies, history, and policies relevant to debt.

For each unit, we will have various short written assignments. These will include different formats such as a personal reflection essay, blog post or news-style article, and book and film reviews. We will cap the course with a group policy proposal project.

In this course, students will gain the skills of:

- An introduction to concepts across the fields of applied microeconomics, economics of education, and macroeconomics

- Understanding the various roles of debt in the U.S. economy, as well as globally
- Examine the intersection between the prevalence of debt and economic inequality
- Develop critical thinking skills, basic research skills, and the ability to analyze contemporary economic issues
- Develop both academic and popular writing skills through writing assignments, film reviews, and reading responses
- Develop the ability to apply these critical thinking skills to teamwork, through a group policy project
- Analyze and propose policies relevant to issues of debt

Communication and Course Website

Communication will be via our class email list, and readings and materials will be posted to Moodle.

Required Texts

The three following books are required texts:

Indebted: How Families Make College Work at Any Cost by Caitlin Zaloom

Debtor Nation: The History of American in the Red by Louis Hyman

House of Debt: How They (and You) Caused the Great Recession, and How We Can Prevent It From Happening Again by Atif Mian and Amir Sufi

Scans and excerpts of additional articles, book chapters, and other readings will be provided by the instructor.

Assignments and Evaluation

Class Participation 15%

Weekly Reading Responses 15%

- These are short 1-2 paragraph responses to the weekly readings, that must include at least one question and one comment to share each week before class (generally Tuesdays)

Written Assignments (reflection papers, blog posts, film reviews) 60%

- Reflection papers are 2-3 page papers that will ask you to connect your personal experience or experiences of those you know to the topics in the course
- Film reviews critically summarize and interpret films we watch as content for this course in about 2-3 pages
- Blog posts are short 2-3 page pieces written for a popular audience similar to an opinion piece
- Policy and research briefs are 3-5 page summaries of policies or research, written for general audiences

Group Policy Research Project 10%

Class Preparedness, Etiquette, and Participation

Students are expected to prepare for and participate in class. We all bring our own knowledge, experiences, and interpretations to the table in this class, and I encourage everyone to find their voice in sharing these. Our class will be participation-based, and I want you all to understand your role as both stakeholders in the economy, and as students with valuable economic insights to add to the debates. Remember to both step up to speak and facilitate our conversation, but also to step back to allow other students space to share.

Each week, you will be assigned a series of readings, as well as videos and other content. Students will be expected to write and share weekly reading responses that consist of at least one question and one comment on the week's content. Participation is crucial, and students are expected to discuss, share ideas, ask questions, and engage in class.

Etiquette: As a participation-based course, please be an engaged listener and respectful participant.

Preparedness: Please be on time and prepared for class. Arriving late to class can be disruptive, so please plan accordingly.

Late Assignments: Late assignments will not be accepted; unless you have a University sanctioned excused absence (<https://www.umass.edu/registrar/students/policies-and-practices/class-absence-policy>)

Absences: You are allowed just ONE “no questions” absence. Beyond that, you must have a University approved excused absence and documentation in order to be excused. (<https://www.umass.edu/registrar/students/policies-and-practices/class-absence-policy>) Unexcused absence will result in a reduced grade in the course. Please email me beforehand to discuss excused absences if possible.

Technology Policy: No laptops, cell phones, earphones, or other devices are permitted in class, unless otherwise requested by the instructor. See economist Professor Susan Dynarski's explanation of why here: <https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html>

Accommodations: If you require accommodations, make sure you have registered with Disability Services, so that this can be provided for you: <https://www.umass.edu/disability/>.

Academic Honesty

All students in this course should be aware of and adhere to the University's Academic Honesty Policy:

http://www.umass.edu/dean_students/codeofconduct/acadhonesty/#policy

Course Outline* (readings may be updated throughout the semester, check Moodle for latest version of the reading list)

Week 1: Course Introduction

January 21: Brief Introductions

January 23: What is debt? Group and Personal Reflection Exercise

Group Discussion: What is debt? What is money?

Video David Graeber: Where did money really come from?

<https://www.youtube.com/watch?v=REbrKOjsG2A>

→ Personal Reflection Essay due Tuesday January 28

Week 2: Understanding Student Debt

Readings: *Debtor Nation* “An Introduction to the History of Debt”

Dynarski, Susan. 2014. “An Economist’s Perspective on Student Debt in the United States.” Brookings Institution. https://www.brookings.edu/wp-content/uploads/2016/06/economist_perspective_student_loans_dynarski.pdf

Wilson, Anastasia. “Renegotiating Education.” Review of *Indebted* on the Phenomenal World Blog. <https://phenomenalworld.org/reviews/indebted>

Wilson, Anastasia. “Renegotiating Education.” Review of *Indebted* on the Phenomenal World Blog. <https://phenomenalworld.org/reviews/indebted>

January 28: How did we get to Student Debt?

January 30: The Student Loan Crisis

Watch: *Ivory Tower* Documentary

Weekly Reading Response due Tuesday January 28 by 12pm on Moodle Forum

Personal Reflection Essay due Tuesday January 28

→ Film Review of Ivory Tower due February 4

Week 3: Student Loans in Context: History, Cost Shifting, and Impacts

Readings: *Indebted* Chapters 1 & 2

Supplemental: *Savings State U* Chapters 6 & 7

February 4: The Origins of Student Debt

February 6: Class Cancellation***

Weekly Reading Response due Tuesday February 4 by 12pm on Moodle Forum

Film Review of Ivory Tower due February 4

Respond to At Least One Post on Moodle Forum by February 6th

Week 4: Impacts on Households, Families, and the Macroeconomy

Readings: *Indebted* Chapter 4

Article on the Impacts of Student Loans on Households:

<https://www.washingtonpost.com/business/2019/06/25/heres-what-trillion-student-loan-debt-is-doing-us-economy/>

Student Loans and Home Ownership:

http://www.kamilasommer.net/Student_loans_homeownership.pdf

Bozick, Robert & Estacion, Angela. (2014). Do student loans delay marriage? Debt repayment and family formation in young adulthood. *Demographic Research*. 30. 1865-1891.

The Impact of Student Loan Debt on Small Business Formation:

<https://www.philadelphiafed.org/-/media/research-and-data/publications/working-papers/2015/wp15-26.pdf>

Debt Cancellation and the Labor Market:

<https://www.nber.org/digest/jul19/w25810.shtml>

February 11: Impacts on Household Fragility, Home Ownership, and Household Formation

February 13: Macroeconomic Impacts Continued

Weekly Reading Response Due Tuesday February 11 on Moodle Forum

→ Student Debt Blog Post Assigned due February 20

Week 5: Race, Ethnicity, Gender, and Student Debt

Readings: *Indebted* Chapter 5

Kahn, Suzanne, Mark Huelsman, and Jen Mishory. *Bridging Progressive Policy Debates: How Student Debt and the Racial Wealth Gap Reinforce Each Other*. Roosevelt Institute Report. <http://bit.ly/2A1ngpJ>

Darity, William & Hamilton, Darrick & Paul, Mark & Aja, Alan & Price, Anne & Moore, Antonio & Chiopris, Caterina. (2018). What We Get Wrong About Closing the Racial Wealth Gap.

https://socialequity.duke.edu/sites/socialequity.duke.edu/files/siteimages/FINAL%20COMPLETE%20REPORT_.pdf

Optional: Hamilton, Darrick & Darity, William & Price, Anne & Sridharan, Vishnu & Tippett, Rebecca. (2015). Umbrellas Don't Make It Rain: Why Studying and Working Hard Isn't Enough for Black Americans. http://www.insightcced.org/wp-content/uploads/2015/08/Umbrellas_Dont_Make_It_Rain_Final.pdf

February 18: No Class Monday schedule

February 20: Race, Ethnicity, Gender and Student Debt

Weekly Reading Response due February 18

Student Debt Blog Post due February 20

Week 6: Current Policy Debates on Student Debt

Readings: *Indebted* Chapter 7

Cancelling Student Loan Debate Doesn't Make Problems Disappear:

<https://www.nytimes.com/2019/06/25/upshot/student-loan-debt-forgiveness.html>

Is Student Debt Cancellation Regressive? <https://www.currentaffairs.org/2019/06/is-student-debt-cancellation-regressive-no>

The Long History of Debt Cancellation: <https://bostonreview.net/class-inequality-politics/olivia-schwob-long-history-debt-cancellation>

February 25: Long-Run Impacts on Household Fragility, Home Ownership, and Household Formation Continued; Introduction to Debt Policy Debates

February 27: Student Loan “Crisis”? Policy Debates on Student Debt
Weekly Reading Response due February 25
Research Brief on Contending Student Debt Policies due February 27

Week 7: Household Debt, How It Works, and History

Readings: *House of Debt* Chapters 1 and 2, *Debtor Nation* Chapter 1

Epstein, Gerald and Juan Montecino. “Overcharged: The High Cost of High Finance”

<https://www.peri.umass.edu/component/k2/item/729-overcharged-the-high-cost-of-high-finance>

Watch and Read Excerpts: Juliet Schor on “The Overspent American”. Media Education Foundation.

Optional Watch: *In Debt We Trust* (2006)

March 3: The History and Growth of Household Debt

March 5: Household Debt and the Macroeconomy

Weekly Reading Response due March 3

Spring break!

Week 8: Debt, Financialization, and Fragility

Readings: *Debtor Nation* Chapter 5 and 7

Epstein, Gerald. “Introduction: Financialization and the World Economy”. Chapter 1.

<https://www.peri.umass.edu/fileadmin/pdf/programs/globalization/financialization/chapter1.pdf>

Mihn, Stephen. “Why Capitalism Fails.” 2009. Boston Globe.

Optional: Konczal, Mike and Abernathy, Nell. 2015. “Defining Financialization.”

Roosevelt Institute, Report. <https://rooseveltinstitute.org/defining-financialization/>

Watch: Costas Lapavistas on “The Financialization of Life” Real News Network.

<https://therealnews.com/stories/lapavitsaspt1>

March 17: Defining Financialization

March 19: Financialization, the World Economy, and Economic Stability

Weekly Reading Response due March 17

Financialization Blog Post Assignment due March 19

Week 9 : The 2008 Financial Crisis and Great Recession

Readings: *House of Debt* Chapters 6, 7, & 8

Watch: *Inside Job*

March 24: Housing Bubble, Minsky Moment, and the Financial Crisis

March 26: The Great Recession Begins

Weekly Reading Response due March 24

Inside Job Film Review due March 26

Week 10: Too Big To Fail: Macroeconomic Responses to the Great Recession

Readings: *House of Debt* Chapters 9 & 10

Avoiding Another Meltdown by Gerald Epstein and James Crotty:
<https://www.peri.umass.edu/publication/item/303-avoiding-another-meltdown>

March 31: Monetary and Fiscal Responses to the Crisis

April 2: Avoiding Another Crisis

Week 11: Corporate Finance: How Bonds and Debt Work

Readings: <https://www.economist.com/briefing/2019/03/14/should-the-world-worry-about-americas-corporate-debt-mountain>

Crotty, James. “The Bonus Driven Rainmaker Financial Firm: How These Firms Enrich Top Employees, Erode Shareholder Value, and Create Financial Instability, Economic Crises, and Rising Inequality.” 2016. <https://www.peri.umass.edu/publication/item/748-the-bonus-driven-rainmaker-financial-firm-how-these-firms-enrich-top-employees-erode-shareholder-value-and-create-systemic-financial-instability-economic-crises-and-rising-inequality>

Palladino, Lenore. “Stock Buybacks: Driving a High-Profit, Low-Wage Economy.”

Roosevelt Institute, March 2018. <http://rooseveltinstitute.org/wp-content/uploads/2018/03/Stockbuybacks.pdf>

Palladino, Lenore. “Making the Case: How Ending Walmart’s Stock Buyback Program Would Help to Fix Our High-Profit, Low-Wage Economy.” Roosevelt Institute, May 2018. <http://rooseveltinstitute.org/wp-content/uploads/2018/05/Walmart-issue-brief.pdf>

April 7 Corporate Finance Overview

April 9 Financialization, Private Equity, and Concerns Around Corporate Debt

Weekly Reading Response due March 31

Research Brief on the Financial Crisis and Great Recession Due April 9

Week 12: Government Debt, and The Debt vs. Growth Myth

Reading: <https://www.bbc.com/news/magazine-22223190>

Herndon, Thomas, Michael Ash, and Robert Pollin. “Does High Public Debt Consistently Stifle Economic Growth? A Critique of Reinhart and Rogoff.” 2013.

https://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_301-350/WP322.pdf

Watch: “Austerity’s Spreadsheet Error” from the Colbert Report:

<http://www.cc.com/video-clips/kbgnf0/the-colbert-report-austerity-s-spreadsheet-error---thomas-herndon>

Modern Monetary Theory Explained:

<https://www.cnbc.com/video/2019/03/01/stephanie-kelton-explains-modern-monetary-theory.html>

MMT: A Debate: <https://www.youtube.com/watch?v=eVP4DXPYanI>

April 14 Government Debt and Deficits

April 16 Government Debt Continued, Contending Perspectives, and International Sovereign Debt

Weekly Reading Response due April 14

Week 13: Government Debt in the U.S. and Global Context

Reading: Is a Global Financial Crisis Imminent?: <https://www.peri.umass.edu/press-events/multimedia/item/1109-is-a-new-global-financial-crisis-imminent>

Group Policy Project In Class Prep and Presentations

April 21 In class guided research for group project

April 23 Group project presentations

Blog Post on Government Debt due April 16

April 28 Last Day of Class Group Presentation Wrap Up