

Econ 397SL: Advanced Student Loans, Other Debt, and the U.S. Economy
Summer Course Outline
6-Week Format

Instructor Information

Anastasia C. Wilson
anastasw@umass.edu

Course Description

Econ 397SL 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.

Course Objectives

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 writing and discussion
- Analyze and propose policies relevant to issues of debt

Required Texts

The following three 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 Discussion Forum Participation 20%

- A weekly discussion forum to share thoughts, opinions, and questions on the weekly topic at hand, question prompt will be given

Weekly Reading Responses 20%

- These are short 1-2 paragraph responses to the weekly readings, that must include at least one question and one comment to share

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

Course Outline

Week 1: Causes and Consequences of Rising Student Indebtedness

- Brief history of American higher education
- Key legislation and changes associated with rising student indebtedness
- Overview of Human Capital Theory and the Permanent Income Hypothesis
- Cost shifting and credit
- Implications for racial, ethnic, and gender inequality
- Impacts of rising student debt: labor markets, housing, household formation

Readings:

Indebted Chapters 1, 2, 4, 5

Ivory Tower Documentary

And additional selections, papers, and excerpts

Assignments

Reading Response and Discussion Forum

Personal Reflection Essay

Student Debt Short Paper

Ivory Tower Film Review

Discussion Prompt:

Is student debt a fair policy? Why or why not?

Week 2: Student Debt Policy Debates

- Overview of contending policy ideas for dealing with student debt
- Bankruptcy protections
- Debt forgiveness and cancellation
- Reinvestment in public higher education
- International comparisons for models of higher education

Readings:

Indebted Chapter 7

And additional selections, papers, and excerpts

Assignments

Reading Response and Discussion Forum

Student Debt Policy Brief

Discussion Prompt:

What do you think we should do about rising student indebtedness?

Week 3: Consumer Debt and the Housing Bubble

- History of consumer debt in the U.S. economy post WWII

- Relationship between rising consumer debt, changes in corporate structures, and the rise of financial forms
- Defining financialization
- The root causes of the housing bubble

Readings:

Debtor Nation Introduction, Chapters 1 and 2

House of Debt Chapter 1

And additional selections, papers, and excerpts

Assignments:

Reading Response and Discussion Forum

Debt and Financialization Essay

Discussion Prompt:

How has consumer debt changed over time? What are the implications of these changes?

Week 4: 2008 Financial Crisis

- Examination of the 2008 Financial Crisis causes and consequences
- Understand the role of financial interconnectedness and perverse incentives in creating the crisis
- Review monetary responses to the 2008 Financial Crisis and Great Recession
- Review fiscal responses to the Great Recession

Readings:

House of Debt 6, 7, 8

Inside Job Documentary

And additional selections, papers, and excerpts

Assignments:

Reading Response and Discussion Forum

2008 Financial Crisis Essay

Inside Job Film Review

Discussion Prompt:

Who was to blame for the 2008 Financial Crisis? Who paid the costs?

Week 5: Crisis Aftermath and Corporate Debt

- Impacts of the Financial Crisis and regulations on finance and corporations
- Overview of corporate finance
- History outlining shifts towards shareholder primacy
- The relationship between shareholder primacy and financialization
- Concerns regarding rising corporate debt

Readings:

House of Debt Chapter 9 & 10
Real World Macro Chapter 8 Finance, Savings, and Investment
And additional selections, papers, and excerpts

Assignments:

Reading Response and Discussion Forum
Corporate Debt Short Paper

Discussion Prompt:

How has financialization and the “shareholder value revolution” changed the goals and organization of the economy? How does this relate to corporate debt?

Week 6: Government and National Debt

- Understand how government debt functions differently than household debt
- Debunking the debt vs. growth tradeoff
- Sovereign debt in international perspective
- Fiscal debt crises and austerity impacts

Readings

Selections, excerpts, and papers provided by instructor

Assignments

Reading Response and Discussion Forum
Government and National Debt Policy Brief

Discussion Prompt:

Should we worry about national debt? If so, in which cases and why? If not, why?