



FINANCIAL CRISES AND RECESSIONS OF THE 21st CENTURY SPRING 2023

This course will explore the dramatic financial and macroeconomic developments that the United States has experienced over the last two decades. We will look at research on what factors precipitated the boom and bust in the housing market in the early 2000s and how the resulting mortgage crisis rippled through the global financial system and ultimately generated the most severe economic downturn since the Great Depression. We will analyze the policies put in place to stabilize the financial system, limit the economic fallout, and reduce the likelihood of future financial crises. The course will then turn to the macroeconomic developments that have occurred in the two years since the onset of the COVID-19 pandemic—including near-financial crisis of March 2020, the massive displacement of workers in the early part of the pandemic, and the largely unexpected burst of inflation in 2021 and 2022. We will consider how the policy response to these events built on learnings from the Great Recession, how and why it differed, and what lessons to take for the future.

Instructor: Professor Karen Dynan
kdynan@fas.harvard.edu
<https://scholar.harvard.edu/kdynan>

Office hours: Wednesday 3:15pm-4:30pm in Littauer 319
To see the available appointments and sign up, go to [this link](#)

Teaching fellows: Liu Zhang (head TF)
liuzhang@g.harvard.edu

Salvador Ascencio Pastora
sascenciopastora@g.harvard.edu

Sophia Mo
yiningmo@fas.harvard.edu

Raphael Raux
raphael_raux@g.harvard.edu

Staff assistant: Samantha Frick, Harvard Kennedy School
sfrick@hks.harvard.edu

Course schedule: Monday and Wednesday 1:30pm-2:45pm Boylston 110

Course website: <https://canvas.harvard.edu/courses/114859>

PREREQUISITES. Intermediate macroeconomics (Ec 1011B or Ec 1010B) or by permission of the instructor. Students should have some familiarity with businesses cycles and the models that economists use to think about them (such as the **IS-LM** model). Students should also be comfortable reading non-technical research papers by economists.

LEARNING OBJECTIVES. The aim of this course is for you to understand and be able to engage in informed discussions about:

- The social and economic forces and policy changes that laid the groundwork for the global financial crisis of 2007-2008.
- The developments in mortgage markets that precipitated the financial crisis—the home price bubble, the factors that drove the increases in mortgage debt, and the debate over why people default on mortgages.
- How the mortgage crisis turned into a full blown global financial crisis, including the roles of leverage, financial engineering, the shadow banking system, and financial regulation.
- How policymakers ultimately arrested the financial crisis and what factors complicated their decisions.
- The recessions that follow financial crises—what causes them, their human and macroeconomic costs, and why the ensuing recoveries tend to be long.
- The European debt crisis.
- How financial regulation was changed to reduce the likelihood of another crisis and the debate over whether these changes have been effective.
- The evolution of macroeconomic thinking over the first two decades of the 21st century and how it has shaped policy decisions.
- The policy response to the March 2020 “dash for cash” and other measures deployed to prevent another damaging financial crisis during the pandemic.
- The economic fallout from the COVID pandemic and the fiscal policies used to mitigate the human and macroeconomic costs.
- The largely unexpected burst of inflation that occurred in 2021 and 2022 as well as the difficult decisions it implies for policymakers.

LECTURES. There will be two lectures each week. We will record lectures for those who are isolating because of virus concerns but I strongly encourage that you otherwise attend in person.

SECTIONS. Recommended. Time and place to be arranged.

READINGS. There will be a Canvas page for each lecture. You should consult these pages well in advance of each class as they will describe the required preparation. Depending on the session, preparation may involve readings, going through slides, watching videos, listening to podcasts, or other tasks. In addition to the required readings, I will list key academic pieces that I draw from for the class lectures. These pieces will be useful for students who want to do a deeper dive on the topics. Some of the required reading will be on news websites that have paywalls, but Harvard students should be able to access them all by following the instructions [here](#).

ASSIGNMENTS. There will be five short (1-3 page) writing assignments for which students will be asked, for example, to describe a policy that would address a specific challenge or summarize and critique an empirical paper. You may confer with others as you prepare assignments, but your thoughts must be written up independently. You must complete all assignments to pass the course.

Provisional assignment due dates [will be finalized by the first week of class]:

Assignment 1: Monday February 13
 Assignment 2: Monday February 27
 Assignment 3: Monday March 27
 Assignment 4: Wednesday April 12
 Assignment 5: Wednesday April 26

PARTICIPATION. Participation and engagement can take many forms. You can ask questions during class, you can chat with me before or after class, you can come to office hours, and you can post or react to articles on the [EC 1746 Canvas Discussion Board](#).

EXAMS. The class will have a midterm exam and a final exam:

- The midterm exam will be held on Monday March 6 in class.
- The final exam will be a three-hour in-person exam on Saturday May 13 at 2pm..

Students requiring accessibility accommodation should submit the appropriate documentation via email to liuzhang@g.harvard.edu, by February 27. Always include “EC 1746” in the subject of your email.

No makeup exams will be given. Students requiring alternative accommodation due to an emergency should email liuzhang@g.harvard.edu. Always include “EC 1746” in the subject of your email. If you have to miss the midterm for any reason, the weight normally assigned to the midterm exam grade will be applied to the final exam grade in calculating your grade for the semester.

GRADES. Course grades will be determined from a weighted sum of the assignments (30%), the midterm (30%), and the final exam (40%). I encourage participation and will adjust grades upwards for those who contribute to constructive discussions.

COMMUNICATION. You should regularly check the Canvas class pages for information about required preparation for each class (and for slides, recordings, and other follow-ups after each class). We will also be sending out announcements via email with news about the class.

I will aim to arrive a few minutes early for informal discussion. I will also regularly stay after class for questions about the material, current events, or other topics you would like to discuss.

I will hold regular office hours every week starting at the end of January. The schedule will be finalized by the time that classes start; at that point, you will be able to see the available appointments and schedule a time at [this website](#). I am planning to hold my office hours in person, but if that does not work for you, email my assistant [Samantha Frick](#) to change the appointment to Zoom.

Feel free to contact me by email with concerns and questions. When you do so, please include “EC 1746” as part of your subject line. I will make every effort to get back to you in a timely fashion, but if you do not hear back within 48 hours, please write again to make sure that I did not lose track of your email.

CODE OF CONDUCT. Please be on time for the lectures. All course activities—including class meetings, homework assignments, and exams—are subject to the Academic Integrity portion of the [Harvard College Handbook for Students](#). Academic misconduct of any sort will not be tolerated.

TECHNICAL SUPPORT. If you have any issues related to class recordings or the Canvas page, contact Harvard University Information Technology at ithelp@harvard.edu or 617-495-7777.

CLASS SCHEDULE

Mon. January 23	Class 1	Course Introduction and Overview
Wed. January 25	Class 2	The Economic and Financial Environment of the Early 2000s
Mon. January 30	Class 3	The Drive for Homeownership in the United States
Wed. February 1	Class 4	The Basics of the Mortgage Boom and Bust
Mon. February 6	Class 5	Was the Mortgage Crisis a “Subprime Crisis”?
Wed. February 8	Class 6	From the Mortgage Crisis to the Broader Financial Crisis: Part 1
Mon. February 13	Class 7	From the Mortgage Crisis to the Broader Financial Crisis: Part 2
Wed. February 15	Class 8	Escalating Financial Market Stress and the Policy Response
Mon. February 20		NO CLASS: PRESIDENTS’ DAY
Wed. February 22	Class 9	The 2008 Meltdown and the Policy Response
Mon. February 27	Class 10	Policies to Help Insolvent Banks and Struggling Homeowners
Wed. March 1	Class 11	Where Does the Blame Lie?
Mon. March 6	Class 12	MIDTERM EXAM
Wed. March 8	Class 13	The Euro’s Three Crises
Mon. March 13		NO CLASS: SPRING BREAK
Wed. March 15		NO CLASS: SPRING BREAK
Mon. March 20	Class 14	The Bank Panic of March 2023
Wed. March 22	Class 15	Guest Lecture by Tim Massad on Cryptocurrency
Mon. March 27	Class 16	The Great Recession
Wed. March 29	Class 17	New Tools of Monetary Policy
Mon. April 3	Class 18	Credit Policy as a Recession-Fighting Tool
Wed. April 5	Class 19	Student Loans
Mon. April 10	Class 20	Financial Reform, Part 1
Wed. April 12	Class 21	Financial Reform, Part 2
Mon. April 17	Class 22	Changes in Macroeconomic Thinking in the 21 st Century
Wed. April 19	Class 23	The Great Lockdown and the Fiscal Response
Mon. April 24	Class 24	The Dash for Cash and Other Pandemic Financial Stresses
Wed. April 26	Class 25	High Inflation and Monetary Policy

READINGS

The readings marked with ** are required. The other readings contain material that I will draw off for the class lectures and will be useful for students who want to do a deeper dive on these topics.

Class 1—Course Introduction and Overview

The goal of this class is for you to come out with a good sense of what you will get out of the course and some idea about how the material we will be covering in each individual class fits in with the "big picture."

**Stiglitz, Joseph. [Capitalist Fools](#). *Vanity Fair*, December 9, 2008.

**Davies, Howard. [Bernanke, Paulson, and Geithner: Revisiting the 2008 Financial Crisis](#). *The Guardian*. May 29, 2019.

Class 2— Antecedents 1: Economic and Financial Environment

The goal of this class is to familiarize you with key background factors that will come up repeatedly as we discuss how the financial crisis unfolded in coming classes.

**Greenspan, Alan. [Consumer Finance](#). April 8, 2005.

Congressional Budget Office. [The Distribution of Household Income](#). August 4, 2021. (There are a lot of sources on trends in inequality over the decades but if you are interested in what's happened at the household level over the last couple of decades, I think that CBO's numbers are the best.)

Congressional Budget Office. [CBO's Projections of Demographic and Economic Trends](#). (pages 60-63 on interest rates). June 25, 2019.

Blanchard, Olivier and John Simon. [The Long and Large Decline in U.S. Output Volatility](#). *Brookings Papers on Economic Activity*. Spring 2001.

Rajan, Raghuram G. [The Greenspan Era: Lessons for the Future](#). August 27, 2005.

Class 3— The Drive for Homeownership in the United States

The goal of this class is to offer background that will help you think about the role that the drive for homeownership in the United States played as you learn more about the financial crisis in coming classes.

**[The Horrible Housing Blunder](#). *The Economist*. January 18, 2020

**Lieber, Ron. [In Defense of Homeownership](#). *The New York Times*. August 27, 2010.

Congressional Budget Office. [An Overview of Federal Support for Housing](#). November 3, 2009.

Frame, W. Scott and Lawrence J. White. [Fussing and Fuming over Fannie and Freddie: How Much Smoke, How Much Fire?](#) *Journal of Economic Perspectives* 19(2): 159-184. Spring 2005.

Glaeser, Edward L. [Rethinking the Federal Bias Toward Homeownership](#). *Cityscape: A Journal of Policy Development and Research* 13(2): 5-37. 2011.

Goodman, Laurie S., and Christopher Mayer. 2018. [Homeownership and the American Dream](#) *Journal of Economic Perspectives*, 32 (1): 31-58. Winter 2018.

Class 4— The Basics of the Mortgage Boom and Bust

The goal of this class is for you to understand the defining traits of the mortgage boom and bust as well as some key developments in mortgage finance that played a role.

******[Minsky's Moment](#). *The Economist*. July 30, 2016.

Shefrin, Hersh. [Crypto Minsky Moment Now Happening](#). *Forbes*. July 1, 2022.

Staff of the Financial Crisis Inquiry Committee. [Securitization and the Mortgage Crisis](#). April 2010.

Staff of the Financial Crisis Inquiry Committee. [The Mortgage Crisis](#). April 2010.

Class 5— Was the Mortgage Crisis "a Subprime Crisis"?

The goal of this class is for you to understand one of the most important debates around the mortgage boom and bust of the early 2000s.

******Conklin, James, et al. [Did Subprime Borrowers Drive the Housing Boom](#). February 26, 2020.

Adelino, Manuel, Antoinette Schoar, and Felipe Severino. [Loan Originations and Defaults in the Mortgage Crisis: The Role of the Middle Class](#). *The Review of Financial Studies*. July 2016.

Bhutta, Neil. [The Ins and Outs of Mortgage Debt: An Update](#). *FEDS Notes*. December 7, 2015.

Bhutta, Neil, Jane Dokko, and Hui Shan. [Consumer Ruthlessness and Mortgage Default during the 2007 to 2009 Housing Bust](#). *Journal of Finance* 72(6): 2433-2466. December 2017.

Ferreira, Fernando and Joseph Gyourko. [A New Look at the US Foreclosure Crisis](#). NBER Working Paper 21261. June 2015.

Foote, Christopher L., Lara Loewenstein, and Paul Willen. [Cross-Sectional Patterns of Mortgage Debt during the Housing Boom: Evidence and Implications](#). Federal Reserve Bank of Boston Research Department Working Paper 16-12. January 2020.

Foote, Christopher L. and Paul Willen. [Mortgage-Default Research and the Recent Foreclosure Crisis](#). Federal Reserve Bank of Boston Working Paper No. 17-13. October 2017.

Mayer, Christopher, Karen Pence, and Shane M. Sherlund. 2009. [The Rise in Mortgage Defaults](#). *Journal of Economic Perspectives*, 23 (1): 27-50.

Class 6— From the Mortgage Crisis to the Broader Financial Crisis 1

The goal of this class is for you to understand some of key features of the shadow banking system; we will build on this material in the next class when we discuss why the pre-crisis shadow banking system was vulnerable to runs.

Baily, Martin Neil, Matthew S. Johnson, and Robert E. Litan. [The Origins of the Financial Crisis](#). *Brookings Report*. November 2008.

Pozsar, Zoltan. [The Rise and Fall of the Shadow Banking System](#). Moody's Economy.com. July 2008.

Staff of the Financial Crisis Inquiry Commission. [The Shadow Banking System](#). May 2010.

Class 7— From the Mortgage Crisis to the Broader Financial Crisis 2

The goal of this class is for you to understand some key ways in which the financial system was exposed to losses and dysfunction in the period leading up to the financial crisis.

Adrian, Tobias and Hyun Song Shin. [The Changing Nature of Financial Intermediation and the Financial Crisis of 2007-09](#). Federal Reserve Bank of New York Staff Report no. 439. April 2010.

Brunnermeier, Markus K. [Deciphering the Liquidity and Credit Crunch 2007-2008](#). *Journal of Economic Perspectives*, 23 (1): 77-100. Winter 2009.

Duffie, Darrell. [Prone to Fail: The Pre-crisis Financial System](#). *Journal of Economic Perspectives*, 33 (1): 81-106. Winter 2019.

Class 8— Escalating Financial Market Stress and the Policy Response

A series of actions, inactions, and misjudgments left the country with stark and painful alternatives—either risk the total collapse of our financial system or spend trillions of taxpayer dollars to stabilize the system and prevent catastrophic damage to the economy.

**This American Life. [The Day the Market Died](#). October 3, 2008.

Bernanke, Ben. [Fed Emergency Lending](#). December 3, 2015.

English, Bill and Trish Mosser. [The Use and Effectiveness of Conventional Liquidity Tools Early in the Financial Crisis](#). September 2018.

Logan, Lorie, William Nelson, and Patrick Parkinson. [Novel Lender of Last Resort Program](#). September 2018.

Swagel, Phillip. [Legal, Political, and Institutional Constraints on the Financial Crisis Policy Response](#). *Journal of Economic Perspectives*, 29 (2): 107-22. Spring 2015.

Class 9— The 2008 Meltdown and the Policy Response

The goal of this class is for you to understand the specific events that drove the most intense phase of the financial crisis, the trade-offs that policymakers were weighing as they took various steps to rescue the financial system, and the consequences of these policy actions.

**Mankiw, Greg. [Learning the Right Lessons From the Financial Crisis](#). *New York Times*. July 27, 2018.

**Geithner, Timothy and Andrew Metrick. [Ten Years Later: A Conversation with Timothy Geithner](#): 7-11. October 18, 2018

Bernanke, Ben S. [Reflections on a Year of Crisis](#), Speech at the Federal Reserve Bank of Kansas City's Annual Economic Symposium, Jackson Hole, Wyoming. August 21, 2009.

Jester, Dan, Matthew Kabaker, Jeremiah Norton, Lee Sachs. [Rescuing the Mortgage Giants](#). September 2018.

Liang, Nellie, Margaret M. McConnell, and Phillip Swagel. [Evidence on Outcomes](#). November 2018.

Swagel, Phillip. [The Financial Crisis: An Inside View](#). *Brookings Papers on Economic Activity*. Spring 2009.

Class 10— Policies to Help Insolvent Banks and Struggling Homeowners

The goal of this class is to finish off our discussion of the key ways in which the government mitigated the financial crisis; after doing so (either in this class or the next class) we will circle back to review the broad lessons we have learned.

**US Treasury Department. [TARP Programs Website](#).

Abel, Joshua and Andreas Fuster. [How Do Mortgage Refinances Affect Debt, Default, and Spending? Evidence from HARP](#). Federal Reserve Bank of New York Staff Report No. 841. February 2018.

Agarwal, Sumit, Gene Amromin, Itzhak Ben-David, Souphala Chomsisengphet, Tomasz Piskorski and Amit Seru. [Policy Intervention in Debt Renegotiation: Evidence from the Home Affordable Modification Program](#). *Journal of Political Economy*, Vol. 125, 3. June 2017.

Clark, Tim, Matt Kabaker, and Lee Sachs. [The Banks: Reviving the System](#). September 2018.

Dokko, Jane and Karen Dynan. [Ten Years Since the Financial Crisis: Some Lessons for Reducing Risks to Households](#). November 2018.

Jester, Dan, David Nason, and Jeremiah Norton. [Recapitalizing the Banking System](#). September 2018.

Liang, Nellie, Margaret M. McConnell, and Phillip Swagel. [Evidence on Outcomes](#). November 2018.

Piskorski, Tomasz and Amit Seru. [Debt Relief and Slow Recovery: A Decade after Lehman](#). December 1, 2018.

Canner, Glenn and Neil Bhutta. [Did the CRA Cause the Mortgage Market Meltdown?](#) March 2009.

Duffie, Darrell. Prone to Fail: [The Pre-crisis Financial System](#). *Journal of Economic Perspectives*. Winter 2019.

Foote, Christopher L., Kristopher S. Gerardi, and Paul Willen. [Why Did So Many People Make So Many Ex Post Bad Decisions? The Causes of the Foreclosure Crisis](#). Federal Reserve Bank of Boston Public Policy Discussion Paper No. 12-2. July 2012.

Financial Crisis Inquiry Commission. [The Financial Crisis Inquiry Report](#). January 2011.

Class 11— Where Does the Blame Lie?

The goal of this class is to pull together what we have learned about various potential contributing factors to help you form your own opinions about where the blame lies for the financial crisis.

****[FCIC report official conclusions](#).**

No need to read all 14 pages—just skim the bolded headlines

****[Dissent by Hennessey, Holz-Eakin, and Thomas](#). Pages 414-417**

****[Dissent by Wallison](#). Pages 444-447.**

Canner, Glenn and Neil Bhutta. [Did the CRA Cause the Mortgage Market Meltdown?](#) March 2009.

Duffie, Darrell. Prone to Fail: [The Pre-crisis Financial System](#). *Journal of Economic Perspectives*. Winter 2019.

Foote, Christopher L., Kristopher S. Gerardi, and Paul Willen. [Why Did So Many People Make So Many Ex Post Bad Decisions? The Causes of the Foreclosure Crisis](#). Federal Reserve Bank of Boston Public Policy Discussion Paper No. 12-2. July 2012.

Financial Crisis Inquiry Commission. [The Financial Crisis Inquiry Report](#). January 2011.

Class 12— Midterm

Class 13— The Euro's Three Crises

The goal of this class is for you to understand the Euro crisis and gain some insight into sovereign debt crises more generally.

**El-Erian, Mohamed [Who is to Blame for Greece's Crisis?](#) *The Guardian*. May 18, 2012

Feldstein, Martin. [The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability](#). *Journal of Economic Perspectives*. Fall 1997.

Frankel, Jeffrey. [The Euro's First 20 Years](#). January 2019.

Shambaugh, Jay. [The Euro's Three Crises](#). *Brookings Papers on Economic Activity*. Spring 2012.

Class 14— The Bank Panic of March 2023

The goal of this class is for you to understand the costs of recessions so that you can fully appreciate what was at stake in developing policies to fight the Great Recession.

**Kahn, Lisa and Jesse Rothstein. [The Lasting Scars From Graduating in a Recession](#). *EconoFact*. December 12, 2020

Congressional Budget Office. [Understanding and Responding to Persistently High Unemployment](#). February 16, 2012.

Davis, Steven J. and Till Von Wachter. [Recessions and the Costs of Job Loss](#). *Brookings Papers on Economic Activity*. Fall 2011.

Hoynes, Hilary W., Douglas L. Miller, and Jessamyn Schaller. [Who Suffers During Recessions?](#) National Bureau of Economic Research Working Paper No. 17951. March 2012.

Kahn, Lisa B. [The Long-term Labor Market Consequences of Graduating from College in a Bad Economy](#). *Labour Economics*. 17(2): 303-16. April 2010.

Parker, Jonathan A. and Annette Vissing-Jorgensen. [The Increase in Income Cyclicalities of High-Income Households and Its Relation to the Rise in Top Income Shares](#). *Brookings Papers on Economic Activity*. Fall 2010.

Rothstein, Jesse. [The Lost Generation? Labor Market Outcomes for Post Great Recession Entrants](#). NBER Working Paper No. 27516. July 2020.

Yagan, Danny. [Employment Hysteresis from the Great Recession](#). *Journal of Political Economy*. September 2019.

Class 15— Guest Lecture on Cryptocurrency by Tim Massad

The goal of this class is for you to gain a basic understanding of current policy issues around cryptocurrency.

**De Vynck, Gerrit and Julian Mark. [‘Crypto winter’ Has Come. And it’s Looking More Like an Ice Age.](#) *The Washington Post*. December 22, 2022

Class 16— The Great Recession

The goal of this class is for you to understand the basic features of the Great Recession, as well as the motivations and limitations of the fiscal policy choices made during that period.

**Outgoing President Herbert Hoover. [Letter to Senator Simeon Hess.](#) February 21, 1933.

**[The Rise of the Anti-Keynesians.](#) *The Economist*. April 16, 2011.

Berger, David, Nicholas Turner, and Eric Zwick. [Stimulating Housing Markets.](#) National Bureau of Economic Research Working Paper No. 22903. December 2016.

Bernanke, Ben. S. [Financial Panic and Credit Disruptions in the 2007-09 Crisis.](#) Brookings Blog. September 13, 2018.

Congressional Budget Office. [Policies for Increasing Economic Growth and Employment in 2010 and 2011.](#) January 2010.

Furman, Jason. [The Fiscal Response to the Great Recession: Steps Taken, Paths Rejected, and Lessons from Last Time.](#) September 2018.

Green, Daniel, Brian T. Melzer, Jonathan A. Parker, and Arcenis Rojas. [Accelerator or Brake? Cash for Clunkers, Household Liquidity, and Aggregate Demand.](#) National Bureau of Economic Research Working Paper No. 22878. May 2018.

Congressional Budget Office. [Understanding and Responding to Persistently High Unemployment.](#) February 16, 2012.

Davis, Steven J. and Till Von Wachter. [Recessions and the Costs of Job Loss.](#) *Brookings Papers on Economic Activity*. Fall 2011.

Hoynes, Hilary W., Douglas L. Miller, and Jessamyn Schaller. [Who Suffers During Recessions?](#) National Bureau of Economic Research Working Paper No. 17951. March 2012.

Kahn, Lisa B. [The Long-term Labor Market Consequences of Graduating from College in a Bad Economy.](#) *Labour Economics*. 17(2): 303-16. April 2010.

Parker, Jonathan A. and Annette Vissing-Jorgensen. [The Increase in Income Cyclicity of High-Income Households and Its Relation to the Rise in Top Income Shares.](#) *Brookings Papers on Economic Activity*. Fall 2010.

Rothstein, Jesse. [The Lost Generation? Labor Market Outcomes for Post Great Recession Entrants.](#) NBER Working Paper No. 27516. July 2020.

Yagan, Danny. [Employment Hysteresis from the Great Recession.](#) *Journal of Political Economy*. September 2019.

Class 17— New Tools of Monetary Policy

The goal of this class is for you to understand monetary policy choices made during the Great Recession and how they shaped our thinking about countercyclical policy going forward.

**E21 Staff. [An Open Letter to Ben Bernanker](#). November 15, 2010.

**Wolf, Martin [Helicopter Ben Confronts the Challenge of a Lifetime](#). *Financial Times*. December 16, 2008.

Forbes, Kristin. [Policy Implications of a Low Interest Rate Environment: The UK Experience](#). presentation at the 62nd Annual Federal Reserve Bank of Boston Economic Conference. September 2018.

Gagnon, Joseph E. and Brian Sack. [QE: A User's Guide](#). Peterson Institute for International Economics Policy Brief 18-19. October 2018.

Kuttner, Kenneth N. [Outside the Box: Unconventional Monetary Policy in the Great Recession and Beyond](#). *Journal of Economic Perspectives* 32(4). Fall 2018.

Rudebusch, Glenn. [A Review of the Fed's Unconventional Monetary Policy](#). Federal Reserve Bank of San Francisco *Economics Letters*. December 3, 2018.

Class 18— Credit Policy as a Recession-Fighting Tool

The goal of this class is to familiarize you with US government credit policy and how it affected the economy and individuals in the years following the financial crisis.

** Looney, Adam. [Putting Student Loan Forgiveness in Perspective: How Costly is It and Who Benefits?](#) *Brookings Report*. February 12, 2021.

Dynan, Karen. [What's Wrong with Student Loans \(and How to Fix It\)](#). October 2019.

Hong, Gee Hee and Deborah Lucas. [COVID Credit Policies Around the World: Size, Scope, Costs and Consequences](#). *Brookings Papers on Economic Activity*. March 2023.

Looney, Adam, and Constantine Yannelis. [A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults](#). *Brookings Papers on Economic Activity*. Fall 2015.

Looney, Adam. [Reauthorizing the Higher Education Act: Strengthening Accountability to Protect Students and Taxpayers](#). Testimony Submitted to the U.S. Senate Committee on Health, Education, Labor and Pensions. April 2019.

Lucas, Deborah. [Credit Policy as Fiscal Policy](#). *Brookings Papers on Economic Activity*. Spring 2016.

Passmore, S. Wayne and Shane M. Sherlund. [The FHA and the GSEs as Countercyclical Tools in the Mortgage Market](#). *Economic Policy Review*. December 2018.

Urban Institute. [Housing Finance At A Glance A Monthly Chartbook](#). March 2023.

Class 19— Student Loans

The goal of this class is to enable you to engage in informed discussions about the federal student loan program, including its shortcomings and potential changes for the future.

**CNBC. [Biden's Student Loan Forgiveness Plan 'Much Worse' than Expected, Says Former Obama Advisor](#)[Links to an external site.](#) August 26, 2022.

**Dynarski, Susan. [Why I Changed My Mind on Student Debt Forgiveness](#). New York Times. August 20, 2022.

Catherine, Sylvain and Constantine Yannelis. [The Distributional Effects of Student Loan Forgiveness](#). NBER Working Paper 28175. April 2021.

Dynan, Karen. [What's Wrong with Student Loans \(and How to Fix It\)](#). October 2019.

Looney, Adam, and Constantine Yannelis. [A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults](#). *Brookings Papers on Economic Activity*. Fall 2015.

Looney, Adam. [Reauthorizing the Higher Education Act: Strengthening Accountability to Protect Students and Taxpayers](#). Testimony Submitted to the U.S. Senate Committee on Health, Education, Labor and Pensions. April 2019.

Class 20— Financial Reform, Part 1

The goal of this class is for you to learn the major ways in which US financial regulation was changed after the financial crisis.

**[Rover the Regulator](#). *The Economist*. September 8, 2012

Aikman, David, Jonathan Bridges, Anil Kashyap, and Caspar Siegart. [Would Macroprudential Regulation Have Prevented the Last Crisis?](#) Mimeo, July 2018.

Bernanke, Ben. S. [Ending "Too Big to Fail: What's the Right Approach?"](#) Brookings Blog. May 13, 2016.

Elliott, Douglas J., Greg Feldberg, and Andreas Lehnert. [The History of Cyclical Macroprudential Policy in the United States](#). Office of Financial Research Working Paper #0008. May 2013.

Tarullo, Dan. [Stress Testing after Five Years](#). June 2014.

Tarullo, Dan. [Financial Regulation Since the Crisis](#). December 2016.

Tarullo, Dan. [Financial Regulation: Still Unsettled a Decade after the Crisis](#). *Journal of Economic Perspectives*. Winter 2019.

Class 21— Financial Reform, Part 2

The goal of this class is for you to understand key questions and unaddressed issues related to financial reform.

** Sarin, Natasha. [Regulators Missed Silicon Valley Bank's Problems for Months. Here's Why.](#) *The Washington Post*. April 3, 2023

Aikman, David, Jonathan Bridges, Anil Kashyap, and Caspar Siegart. [Would Macroprudential Regulation Have Prevented the Last Crisis?](#) Mimeo, July 2018.

Bernanke, Ben. S. [Ending "Too Big to Fail: What's the Right Approach?"](#) Brookings Blog. May 13, 2016.

Sarin, Natasha and Lawrence H. Summers. [Understanding Bank Risk through Market Measures.](#) Brookings Papers on Economic Activity. Fall 2016.

Sharfstein, David and Phillip Swagel. [Legislative Approaches to Housing Finance Reform. Milken Institute Viewpoints.](#) October 2016.

Tarullo, Dan. [Financial Regulation: Still Unsettled a Decade after the Crisis.](#) *Journal of Economic Perspectives*. Winter 2019.

Class 22— The Evolution of Macroeconomic Thinking in the 21st Century

The goal of this class is for you to learn about some of the newer ideas that macroeconomists have been discussing, with particular emphasis on their implications for policy.

**Ip, Greg. [How Bidenomics Seeks to Remake the Economic Consensus.](#) *Wall Street Journal*. April 7, 2021

Blanchard, Olivier. [Public Debt and Low Interest Rates.](#) February 2019.

Elmendorf, Douglas. [Should We Reduce Federal Budget Deficits Now?](#) April 2019.

Hooper, Peter, Frederic S. Mishkin, and Amir Sufi. [Prospects for Inflation in a High Pressure Economy: Is the Phillips Curve Dead or is It Just Hibernating?](#) May 2019.

Ng, Michael and David Wessel. [The Hutchins Center Explains: The Neutral Rate of Interest.](#) October 2018.

Summers, Lawrence H. [Reflections on the New 'Secular Stagnation Hypothesis'.](#) October 2014.

Yellen, Janet. [Former Fed Chair Janet Yellen on Why the Answer to the Inflation Puzzle Matters.](#) October 2019.

Class 23— The Great Lockdown and the Fiscal Response

The goal of this class is to give you an introduction to the pandemic recession and the fiscal response.

**Portes, Jonathan. [The Lasting Scars of the COVID-19 Crisis: Channels and Impacts](#). VOXEU. June 1, 2020.

Chetty, Raj, John N. Friedman, Nathaniel Hendren, Michael Stepner, and the Opportunity Insights Team. [The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data](#). November 2020.

Ganong, Peter, Pascal Noel and Joseph Vavra, 2020. [US Unemployment Insurance Replacement Rates During the Pandemic](#). August 2020.

Hubbard, Glenn, and Michael R. Strain. [Has the Paycheck Protection Program Succeeded?](#) September 2020.

Lewis, Daniel, Karel Mertens, and James Stock. [Tracking the COVID-19 Economy with the Weekly Economic Index \(WEI\)](#). August 2020.

Romer, Christina D. [The Fiscal Policy Response to the Pandemic](#). March 2021.

Ruffini, Krista, and Abigail Wozniak. [Supporting Workers and Families in the Pandemic Recession: Results in 2020 and Suggestions for 2021](#). March 2021.

Class 24— The “Dash for Cash” and Other Pandemic Financial Stresses

The goal of this class is for you to understand the financial and monetary policies deployed during the current economic crisis.

**Smialek, Jeanna. [The Financial Crisis the World Forgot](#). *New York Times*. March 16, 2021

Aizenman, Joshua, Hiro Ito and Gurnain Kaur Pasricha. [Central Bank Swap Arrangements in the COVID-19 Crisis](#). March 2021.

Bräuning, Falk and Teodora Paligorova. [Uptake of the Main Street Lending Program](#). March 2021.

Cheng, Jeffrey, Tyler Powell, Dave Skidmore, and David Wessel. [What is the Fed Doing in Response to the COVID-19 Crisis? What More Could It Be Doing?](#) March 2021.

English, William, and Nellie Liang. [Designing the Main Street Lending Program: Challenges and Options](#). June 2020.

Vissing-Jorgensen, Annette. [The Treasury Market in Spring 2020 and the Response of the Federal Reserve](#). April 2021.

Class 25— High Inflation and Monetary Policy

The goal of this class is for you to be able to engage in informed discussion about the rise in inflation over the past year and the implications for monetary policy.

**The Economist. [Policymakers Face Two nightmares: Stubborn Inflation and Market Chaos.](#) March 23, 2023

Dynan, Karen. [What is Needed to Tame US Inflation?](#) *Peterson Institute for International Economics Realtime Economic Issues Watch*. March 10, 2022.

Reifschneider, David and David Wilcox. [The Case for a Cautiously Optimistic Outlook for US Inflation.](#) *Peterson Institute for International Economics Policy Brief 22-3*. March 2022.

Hazell, Jonathon, Juan Herreno, Emi Nakamura, and Jón Steinsson. [The Slope of the Phillips Curve: Evidence from US States.](#) *Quarterly Journal of Economics*, forthcoming.

Kiley, Michael. [Anchored or Not: A Short Summary of a Bayesian Approach to the Persistence of Inflation.](#) FEDS Notes, April 2022.