

Econ 110BH Course Webpage, Winter 2015

University of California, San Diego

Instructor:

James Hamilton (jhamilton@ucsd.edu)

Office hours: Tu 11-12 in Econ 307

Course description:

This course supplements material covered in Econ 110B, going into the topics in greater depth.

Course prerequisites: GPA in economics of 3.5 or higher. May be either taken concurrently with Econ 110B or after completing 110B.

Course requirements:

Grades will be based on completion of a paper and class participation. The paper should be typed in 10-point font, double-spaced, with 1-1/2 inch right-hand margin, and about 8 pages in length, on one of the following two topics:

(1) The role of economic policy in causing the Great Recession. Section 1 of the paper should be titled "Reasons why economic policy was the primary cause of the financial crisis." Section 2 of the paper should be titled "Reasons why economic policy was not the primary cause of the financial crisis." Section 3 of the paper should be titled "Conclusions" and should summarize your own conclusions as to which of the two views you believe is more correct.

(2) The role of economic policy in getting out of the Great Recession. Section 1 of the paper should be titled "Reasons why economic policy helped the economy to recover from the financial crisis." Section 2 of the paper should be titled "Reasons why economic policy did not help the economy to recover from the financial crisis." Section 3 of the paper should be titled "Conclusions" and should summarize your own conclusions as to which of the two views you believe is more correct.

Papers are due on Friday, March 6 at 2:00.

The last two weeks of the course students will participate in debates on the above two topics. You will be assigned to defend one or the other position in your paper, regardless of which view you personally find more persuasive.

Course Plan and readings

Fri Jan 9: Units for economic measurement

James Hamilton, [The use of logarithms in economics](#) (Econbrowser, Feb 23, 2014)

Fri Jan 16: Oil prices and the Great Recession

James Hamilton, [Causes and consequences of the oil price shock of 2007-2008](#), Brookings Papers on Economic Activity, Spring 2009

Fri Jan 23: Causes of the financial crisis

James Hamilton, [Mortgage securitization](#), Econbrowser, January 11, 2008

[Did Fannie and Freddie cause the mortgage crisis?](#) Econbrowser, July 15, 2008

[Follow the money](#), Econbrowser, April 25, 2010

Fri Jan 30: Factors in low interest rates

Ben Bernanke, [The global savings glut and the U.S. current account deficit](#), Sandridge Lecture, March 10, 2005

James Hamilton, [John Taylor on the Federal Reserve](#), Econbrowser, December 14, 2008

Glenn Rudebusch, [The Fed's monetary policy response to the current crisis](#) Federal Reserve Bank of San Francisco Economic Letter, May 2009

Fri Feb 6: Consequences of the financial crisis

Ken Rogoff and Carmen Reinhart, [The aftermath of financial crises](#), American Economic Review, May 2009

Atif Mian and Amir Sufi, [Consumers and the economy, part II: household debt and the weak U.S. recovery](#), Federal Reserve Bank of San Francisco Economic Letter, January 18, 2011

John Williams, [The economy and Fed policy: follow the demand](#), Federal Reserve Bank of San Francisco Economic Letter, February 25, 2013

Fri Feb 13: Federal Reserve response to the crisis

James Hamilton, [QE3 and beyond](#), Econbrowser, January 1, 2013

Fri Feb 20: Evaluating Federal Reserve response to the crisis

Barcan Duygan-Bump, et al., [How effective were the Federal Reserve emergency liquidity facilities?](#), Journal of Finance, April 2013

James Hamilton, [Evaluation of quantitative easing](#), Econbrowser, November 2, 2014

Fri Feb 27: No scheduled class**Fri Mar 6:** First debate: The role of economic policy in causing the Great Recession**Fri Mar 13:** Second debate: The role of economic policy in getting out of the Great Recession