Course Syllabus

Economics after the Financial Crises of 2007 – 2013

Internet course: Econ 4561

Spring Semester, 2020
3.0 Credit Hours

Instructor: John Komlos
E-mail: John.Komlos@gmail.com

Office Hours: As this is a fully online class, the standard means for communicating with the instructor is via course email throughout the semester.

Course Overview:

What happened? What caused the financial crisis of 2008 and the ensuing Great Recession that it precipitated? Is the crisis over? Where do world financial markets go from here? Did leading economists drop the ball? Is there historical precedent for what happened, or have we begun a new “Black Swan” era of economic reality, yet to be understood?

This topical online course offers students a rich set of video, audio, text, and internet resources that trace the history of the housing bubble and the Great Meltdown of ’08, which shook the foundations of our global economy. In this course, Professor Komlos proposes a heterodox perspective that analyzes the fundamental flaws in conventional economic theory that some believe led to the crisis.

The goal of this course is to discuss the 377-year-history of financial crisis ending with the Great Meltdown of 2008. We will ascertain recurring historical patterns of financial bubbles, however, without overlooking critical differences. If history repeats itself, why can’t we avoid making the same mistakes? You’ll have to take the class to find out. The Great Meltdown happened at a time when most macroeconomists (including Nobel Prize winning Bob Lucas and none other than the previous Fed Chairman Ben Bernanke) were writing about the “great moderation,” i.e., that we no longer need worry about depressions. They were obviously wrong. Why did they not see the tsunami coming?

Pre-Requisites/Co-Requisites:
There are no course pre-requisites to enrolling in this course.

**Required Texts (and Related Materials):**
- See website for list of assignments

**Course Objectives:**
In addition to understanding historical developments, the course should help students approach contemporary problems and economic policy with an open mind and widen their economic perspectives. In brief, the historical evidence enables us to gain a more thorough understanding of the global economy in which we live and work. The primary aim of the course is not to concentrate on facts, theorems, or numbers but rather to see the BIG picture in an integrative and dual-disciplinary framework in a very long-run perspective.

**Fogelman College: Learning Outcomes for Your Degree**
This course is designed to help you to meet the overall learning objectives for the BBA degree offered by the Fogelman College. You should take the time to become familiar with the overall learning objectives as a student in the BBA program:
- [http://www.fcbeassessment.net/LearningOutcomes/BBADegreeLearningOutcomes.pdf](http://www.fcbeassessment.net/LearningOutcomes/BBADegreeLearningOutcomes.pdf)

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**Course Methodology**
This is an online course and much of the learning will be self-managed and self-paced. This has the benefit of accommodating each student’s unique schedule and learning style. Everything will be done fully online and asynchronously (meaning the class will not meet at specific times).

**Grading and Evaluation Criteria**

**Final Course Grades**

Your course grade will be the average of your quiz grades

Final course grades are earned according to the following table:

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<thead>
<tr>
<th>Point Range</th>
<th>Assigned Grade</th>
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<tbody>
<tr>
<td>97-100 Points</td>
<td>A+</td>
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<tr>
<td>93-96.9</td>
<td>A</td>
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<tr>
<td>90-92.9</td>
<td>A-</td>
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<tr>
<td>80-89.9 Points</td>
<td>B</td>
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<td>Pluses and minuses</td>
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<tr>
<td>70-79.9 Points</td>
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<tr>
<td>Pluses and minuses</td>
<td>as above</td>
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Course Policies

E-MAIL:
All students are required to maintain and access their University of Memphis (@memphis.edu) email account. You will receive all official course correspondence at this email account. Any inability to receive incoming mail in a timely fashion (e.g., not regularly checking your email, having a “full mailbox” condition, etc.) is the student’s responsibility.

Attendance:
Since this is an online class taught asynchronously, there are no scheduled meeting times. Thus, formal attendance will not be taken. However, you are expected to stay active and engaged throughout the academic term and keep up with the schedule of activities. Your full engagement in the class begins on the first day of the semester and should be maintained until the last assignment is submitted. For students receiving federal student loans, any lack of engagement in the course may be treated as non-attendance and potentially impact access to student loans in the future.

Adding / Dropping:
If you have questions about adding or dropping classes, please refer to this page on the Registrar's website.

Academic Integrity:
The University of Memphis has clear codes regarding cheating and classroom misconduct. If interested, you may refer to the Student Handbook section on academic misconduct for a discussion of these codes. Note that using a “Solutions Manual” is considered cheating. Should your professor have evidence that using a “Solutions Manual” has occurred, he/she may take steps as described on the campus’ Office of Student Conduct website. If you have any questions about academic integrity or plagiarism, you are strongly encouraged to review the Fogelman College’s Website on Academic Integrity.

Participation:
To be successful in this course as a student, you must stay active and involved throughout the entire semester. Students are expected participate in all interactive aspects of the course. You should also check into the course frequently for announcements (usually on the course home page). You should plan on logging into the course at least three times each week.

Classroom or Online Behavior:
All participants in the course should be considerate of the other course participants and treat them (as well as their opinions) with respect. The class will operate under the assumption that any and all feedback offered is positive in nature and that the intentions
of the person(s) providing feedback are strictly honorable. Insensitivity in this area will not be tolerated. If you have any questions about online communication, you should review the Fogelman College’s Netiquette website.

**Weeks 1-4. “Those who cannot remember the past are condemned to repeat it.”** —George Santayana  

**Watch:** Watch Lectures and do the quizzes 1-4

**Watch** on PBS: The Ascent of Money Episode 1: From Bullion to Bubbles  
http://www.pbs.org/wnet/ascentofmoney/featured/the-ascent-of-money-episode-1-from-bullion-to-bubbles/44/

**Week 5 Problems up to 1907**

Listen to lecture and do quiz 5

**Week 6. Capitalism on Trial: The Great Crash, Part 1**

**Watch:** Watch Lecture and do quiz 6

**Watch** the “Bank-Run” scene in the 1946 movie It’s a Wonderful Life:  
http://www.youtube.com/watch?v=qu2uJWSZkck

**Watch:** John K. Galbraith:  
http://www.youtube.com/watch?v=yr4wzrOpn6l&feature=related

http://www.levinstitute.org/

**Week 7. Capitalism on Trial: The New Deal**

**Watch:** Watch Lectures and do the quiz 7

**Watch:** 1929. The Great Crash (BBC 2009)  
BBC: What caused the Wall Street crash?  
http://news.bbc.co.uk/2/hi/programmes/newsnight/8326161.stm

Milton Friedman, Free to Choose, Vol. 3, The Anatomy of a Crisis  
http://video.google.com/videoplay?docid=–5329526746115377061#
Week 8. Homo-Oeconomicus Blowing Bubbles: Economic Psychology

Watch: Watch Lecture and do the quiz

Watch: Kahneman’ Noble Prize lecture: http://nobelprize.org/mediaplayer/index.php?id=531


Watch: Daniel Kahneman, Prospect Theory: http://www.youtube.com/watch?v=rZUyIXXJbhE


Watch: Watch Lecture and do the quiz

Read: Time Magazine, Feb. 15, 1999 The Three Marketeers


Week 10. Nobel Prize winning Columbian economist on the Financial Crisis, Part I

Watch: Watch Lecture and do the quiz
Watch: Alan Greenspan on the Credit Tsunami:

Watch: Robert Shiller, The Subprime Solution
http://video.google.com/videoplay?docid=-3917039793515859476


Watch: Joseph Stiglitz “Market fundamentalism is dead”: http://www.youtube.com/watch?v=x_2Tv2GPs0

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Week 11. Nobel Prize winning Columbian economist on the Financial Crisis, Part II

Watch: Watch Lecture and do the quiz

Watch: Joseph Stiglitz receiving the Nobel Prize:
http://nobelprize.org/mediaplayer/index.php?id=159

Watch: Joseph Stiglitz’s Nobel Prize lecture on Asymmetric Information
http://nobelprize.org/mediaplayer/index.php?id=507


Watch: PBS Frontline: Inside the Meltdown:
http://www.pbs.org/wgbh/pages/frontline/meltdown/view/
**Week 12. The (Mis)pricing of Risk**  “Derivatives are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal.” Warren Buffett, Second richest man in America in 2002.

**Watch:** Watch Lecture and do the quiz

**Watch:** Brooksley Born on Frontline: The Warning  

**Watch:** Nassim Taleb on Black Swan  

**Watch:** Joseph Stiglitz: Problems with GDP as an economic indicator:  
[http://www.youtube.com/watch?v=QUaJMNtW6GA&feature=channel](http://www.youtube.com/watch?v=QUaJMNtW6GA&feature=channel)


**Extra:** Nouriel Roubini (Dr. Doom): [http://www.youtube.com/watch?v=51SxmcaKJlw](http://www.youtube.com/watch?v=51SxmcaKJlw)