

Resources for Economic Students

Analyzing the Impact of Covid-19 in Real Time

These resources were developed by Hank Bitten, NJCSS Executive Director, but have not been approved by the NJCSS Board of Directors

The 2020 global pandemic provides an opportunity for students to analyze evidence from data, understand the current situation from an economic perspective, evaluate public policy decisions, and propose their own solutions to the current economic shock to both the United States and the larger global economy.

It is also important to note that the available data is often incomplete and changing. This is the result of bias, the reliability of sources, the methods used to analyze statistics. Government assistance often includes direct charges to the budget and debt of the United States as well as grants and programs financed through the Federal Reserve System. With this waiver, the purpose of the information below is to engage students in critical thinking and applying the skills they are learning or have mastered in macroeconomics.

1. Understanding the Impact of Economic Shocks – Financial and Fiscal to the U.S. Economy

Panic of 1907 https://www.federalreservehistory.org/essays/panic_of_1907

Recession of 1921 https://en.wikipedia.org/wiki/Depression_of_1920–21

The Crash of 1929 https://www.federalreservehistory.org/essays/stock_market_crash_of_1929

OPEC Embargo of 1973 https://www.federalreservehistory.org/essays/oil_shock_of_1973_74

Recession of the 1981-82 https://www.federalreservehistory.org/essays/recession_of_1981_82

Black Monday Crash of 1987 https://www.federalreservehistory.org/essays/stock_market_crash_of_1987

Dot-Com Bubble Crash 2000 <https://www.lombardiletter.com/market-crash-what-caused-the-dotcom-bubble-to-burst-in-2000/9162/>

Hurricane Katrina <https://www.frbatlanta.org/education/publications/extra-credit/2015/fall/economics-of-disaster>

Great Recession of 2008 https://www.federalreservehistory.org/essays/great_recession_and_its_aftermath

Covid-19 Pandemic <https://research.stlouisfed.org/publications/economic-synopses/2020/03/20/covid-19s-shock-on-firms-liquidity-and-bankruptcy-evidence-from-the-great-recession>

Use the links above to research the impact on GDP, unemployment, interest rates (Fed Funds Rate & 10 Year), and Stock Market (DJIA and S&P 500)

<https://time.com/3957499/american-economic-crises-history/>

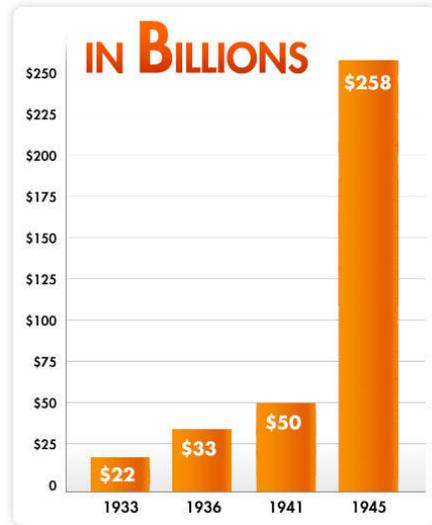
2. Understanding the legacy (costs) of solutions to the problems of Economic Shocks

Great Depression – Social Security, FDIC, FHA

https://www.treasurydirect.gov/kids/history/history_ww2.htm

World War II – equipment, loans, medical, bonds

<https://online.norwich.edu/academic-programs/masters/military-history/resources/infographics/the-cost-of-us-wars-then-and-now>



Great Society – Medicare, Medicaid, Head Start, welfare

<https://www.heritage.org/poverty-and-inequality/commentary/assessing-the-great-society>

<https://www.politico.com/magazine/story/2018/01/28/lbj-great-society-josh-zeitz-book-216538>

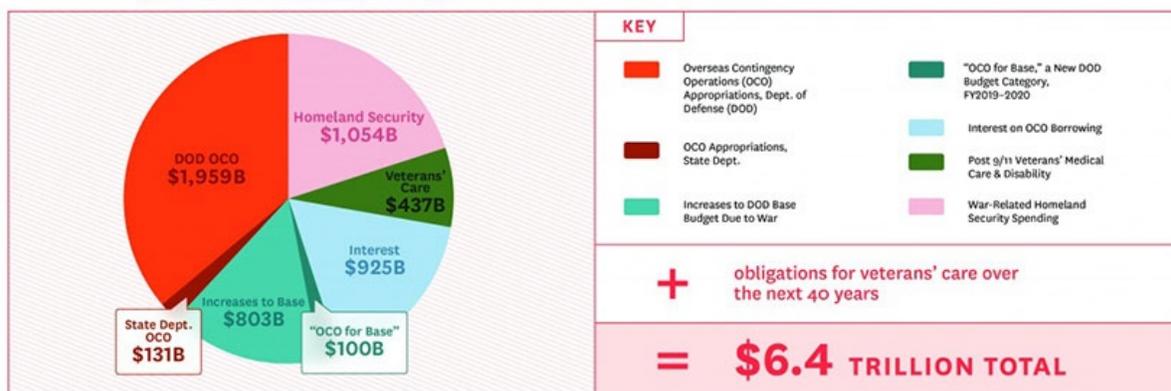
Attack on America (9/11) Homeland Security

<https://www.history.navy.mil/research/library/online-reading-room/title-list-alphabetically/c/costs-major-us-wars.html>

<http://www.iags.org/costof911.html>

<https://watson.brown.edu/costsofwar/>

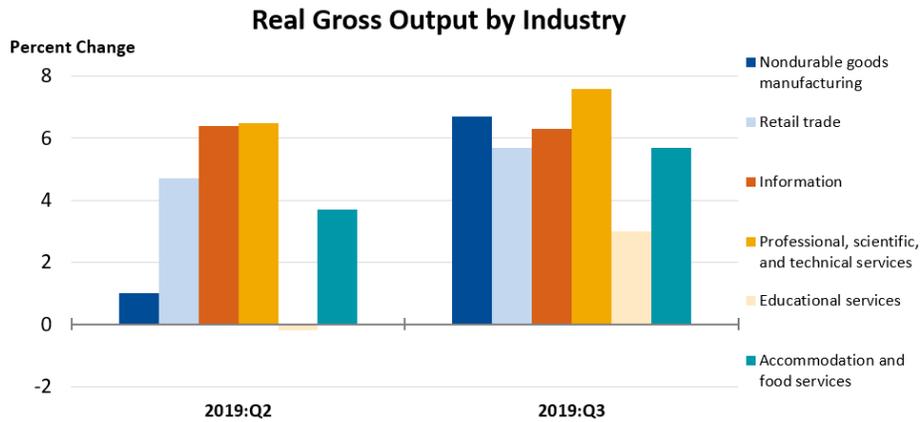
Estimate of **U.S. War on Terror Spending**, in \$ Billions FY2001–FY2020



Great Recession – TARP, Bailouts

https://www.federalreservehistory.org/essays/great_recession_of_200709

3. Current economic data for the U.S. economy:



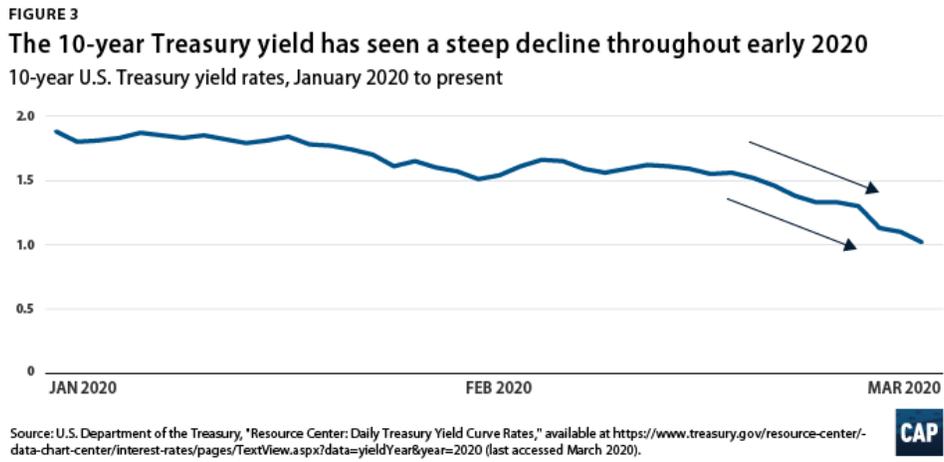
U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

<https://www.bea.gov/system/files/pi0220.PNG>

<https://www.bea.gov/news/2020/gross-domestic-product-industry-third-quarter-2019>

What is the most significant change in the Quarterly GDP? In your analysis will this be a temporary change or a trend?



<https://www.americanprogress.org/issues/economy/news/2020/03/06/481394/economic-impact-coronavirus-united-states-possible-economic-policy-responses/>

What are the effects of a sharp decline in the 10-year yield curve for investors, housing, businesses, government, and future economic forecasting?

Does the decline indicate strong or weak demand for this security?

How does the sharp decline effect the value of the dollar?

4. The resources of the wealthiest people in America

1	Jeff Bezos	\$114 billion	Amazon
2	Bill Gates	\$106 billion	Microsoft, Cascade Investment
3	Warren Buffett	\$80.8 billion	Berkshire Hathaway
4	Mark Zuckerberg	\$69.6 billion	Facebook
5	Larry Ellison	\$65 billion	Oracle
6	Larry Page	\$55.5 billion	Google
7	Sergey Brin	\$53.5 billion	Google
8	Michael Bloomberg	\$53.4 billion	Bloomberg L.P.
9	Steve Ballmer	\$51.7 billion	Microsoft, LA Clippers
10	Jim Walton	\$51.6 billion	Walmart, inherited
11	Alice Walton	\$51.4 billion	Walmart, inherited
12	S. Robson Walton	\$51.3 billion	Walmart, inherited
13	Charles Koch	\$41 billion	Koch Industries
13	Julia Koch	\$41 billion	Koch Industries, inherited
15	MacKenzie Bezos	\$36.1 billion	Amazon, divorce

TOTAL: \$ _____

Questions:

What is the combined wealth of the 15 wealthiest people in America?

How does their accumulated wealth compare to the cost of the losses experienced by individuals and small businesses during the emergency shutdown during the Covid-19 pandemic?

How much money would be returned to the government with a one-year flat tax of 25% or 50%?

How much money would be returned to the government with a three-year flat tax of 10% or 20% each year?

5. Developing a plan for restarting an economy

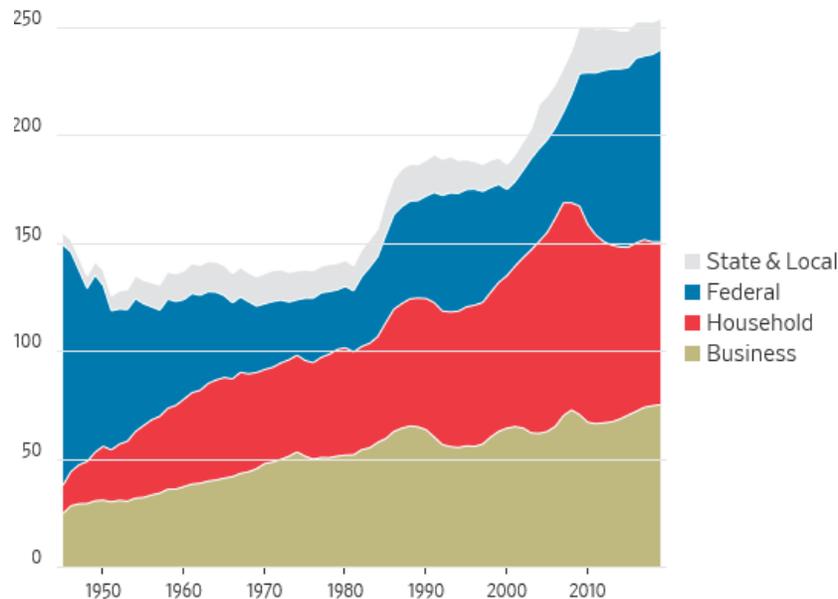
- Civil War – Reconstruction <http://www.pbs.org/wgbh/americanexperience/features/reconstruction-rebuilding-south-after-war/>
- World War I <https://www.nber.org/digest/jan05/w10580.html>
- Great Depression – New Deal <http://www.sjsu.edu/faculty/watkins/recovery.htm>
- World War II <https://www.mercatus.org/publications/economic-history/economic-recovery-lessons-post-world-war-ii-period>
- Great Recession <https://www.cbpp.org/research/economy/chart-book-the-legacy-of-the-great-recession>

6. The cost of the Stimulus as of March 2020

(China is still considering a package but it is expected to be minimal. Also, data is subject to change and interpretation)

Country	Population (millions)	GDP (trillions)	GDP per capita (USD)	Budget (billions)	Deficit/Surplus	Public Debt (% of GDP)	Total Stimulus (billions)	Other Stimulus (bonds, loans, etc.)	Pct. of GDP	Pct of Budget	Rank
Canada	36	\$ 1.8	\$ 48,400	665	-1.0%	90%	\$ 27.0	\$ 55.00	46%	12%	
China	1,400	\$ 25.4	\$ 18,200	3,000	-3.8%	47%			0%	0%	
France	50	\$ 2.9	\$ 44,100	1,500	-2.6%	90%	\$ 50.0		17%	33%	
Germany	81	\$ 4.4	\$ 53,200	1,600	1.3%	64%	\$ 600.0		136%	38%	
Italy	62	\$ 2.3	\$ 38,200	948	-2.3%	132%	\$ 28.0		12%	3%	
Japan	127	\$ 5.5	\$ 42,900	1,900	-3.5%	238%	\$ 270.0		49%	14%	
South Korea	52	\$ 2.1	\$ 39,500	336	1.4%	40%	\$ 9.8	\$ 11.10	10%	6%	
Spain	50	\$ 1.8	\$ 20,900	539	-3.1%	98%	\$ 27		15%	5%	
United Kingdom	65	\$ 2.9	\$ 44,300	1,070	-1.9%	88%	\$ 39.0		13%	4%	
United States	330	\$ 21.4	\$ 62,500	3,980	-3.4%	79%	\$ 2,200		10%	55%	

The above spreadsheet can be sorted by the different columns.



The above graph illustrates the share of debt as a percentage of GDP from WW 2 to the present.

7. Develop your plan for restarting the U.S. economy:

Health Security Measures (testing, face masks, monitoring by mobile phones, mandatory vaccinations, etc.)

Which public places would be open first? (parks, places of worship, schools, beaches, amusement parks, theatres, stadiums, malls, concert arenas, etc.)

Reopening businesses: (restaurants, retail, hotels, car dealerships, museums, etc.)

Reopening travel: (trains, buses, planes, cruise ships, highway rest areas, etc.)

Other:

Develop timelines by months

Explain transitions from outdoor only during the warmer weather

Explain transitions for rural areas vs. urban areas; counties, states, etc.

Establish guidelines for mandatory closings during a resurgence.

Develop a specific plan of action for your county or geographic area.