

The \$hort Run

Student News & Views from the Humboldt State Economics Department

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Economic Effects Caused by COVID-19

In recent months, COVID-19 has had a huge impact on our individual lives as well as on a global scale. While we can examine the social and health impacts of COVID-19, perhaps one of the most important things to look at is the economy. Because U.S. GDP was at a steady growth rate for much of the past few years, the sudden decline in growth has been a shock to the system. In the first quarter of 2020, GDP has dropped at a 4.8 percent rate. Not only is this a notable decline since 2014, it is also the worst quarterly contraction since the 2008 recession (NYTimes). We have also entered an ongoing stock market crash since February 20, which is the biggest since the 2008 recession.

What are some of the factors causing this?

Well, by using common sense, we can attribute most of this to the fact that many businesses have had to shutdown in order to comply with social distancing rules. Many of these businesses have been deemed non-essential, such as retail stores (i.e. clothing stores), movie theaters, gyms, bars, and salons. It is largely acknowledged that our current economy is in large part fueled by the service industry, which most nonessential businesses are a part of. Due to these restrictions, over 33.5 million people have filed for unemployment since the beginning of the pandemic. This leads to a reduction in income. In our demand powered economy when people do not spend, GDP is guaranteed to fall. Over the last couple months, we have also lost significant revenue from things like major sporting events, concerts and tourism. Even if Americans wanted to spend on these things, they could not due to the restrictions in place.

What are some of the policies going into effect to counteract this major drop?

There have been some policy measures put into place. Socially, many restaurants and other retail businesses are offering pick up or delivery services to keep some revenue. Monetarily, the FED has agreed to keep interest rates as close to zero as possible, creating more affordable loans to help keep small businesses running. In order to help small businesses, the government has taken some steps in fiscal policies. One notable fiscal policy has been the \$1200 stimulus check in order to help us spend more. Interesting enough, a source claims that 40% of Americans do not have the savings to cover a \$400 emergency expense. That means nearly half of all Americans had no way of being prepared for COVID-19.

Overall, the economy is seeing a large crash in the wake of COVID-19. With businesses being shut down for health reasons, it is becoming difficult to keep things afloat. In Humboldt County, fifteen business so far have shut down permanently, including the Bounce-A-Palooza in Bayshore mall. Due to the economic fallback of COVID-19, many states are considering ending the quarantine early in order to help mitigate it. Whether this will help or hurt has yet to be seen.

Weekly initial unemployment claims in 2020



CHART: LANCE LAMBERT - SOURCE: U.S. DEPARTMENT OF LABOR

FORTUNE

TSR Staff

Editor – Ariella Sollfelner
 Faculty Advisor – Beth Wilson
[e-mail-theshortrun@humboldt.edu](mailto:theshortrun@humboldt.edu)

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Adam Smith Award Recipient: Zach Warren



What led you to HSU, specifically the economics department?

Economics was a subject I had never really considered until my senior year in high school. I took my first economics course then and it blew my mind and I realized just how little I knew about the economy. I started looking online and I saw how the diverse array and amount of jobs open to economics majors and I knew it was something I could see myself doing for a career. In terms of HSU, it was mostly the campus and location. I read a lot of good things about the economics department online and it all came together when it was time to make a decision for college.

How would you describe your achievements in the process of getting this award?

Honestly, I never thought my achievements would be big enough to warrant this award, but I am happy I got it. For me it has always been about putting in the work. I have never done my work for the sake of impressing anybody but myself. I just wanted to see how well I could do when it came to learning and understanding the concepts I was being taught.

What are your plans after graduation?

I want to apply my skills for environmental protection. I want to be able to join an environmental agency, like the NRDC, however they often require a year or two of experience, so I am going to have to start small. I am planning to get a simple entry level job doing some economic related work, like data analysis or project administration, and then building up enough experience to get to the heart of my career goals.

Academic Achievement Award Recipient: Tina Manos

What led you to HSU, specifically the economics department?

I was at HSU as a faculty member in the Kinesiology Department prior to becoming an Econ student. For years I had a fairly narrow focus on exercise physiology and health. As I neared retirement, I gave a lot of thought as to what path to pursue in my next act. I wanted something to broaden my understanding of how the world works. This drew me to Econ.

How would you describe your achievements in the process of getting this award?

I tried to go to every class and not miss an opportunity to learn. I have had exceptionally good mentors/professors in the Econ department. While the Econ curriculum has been challenging, I found that the faculty there were always willing to answer my questions. In addition, student peers have been supportive and there have been lots of opportunities for collaborative learning, which helped quite a bit.

What are your plans after graduation?

I would like to teach Economics or work in the area of community economic development. Ideally, I would love to do both. On the one hand, I believe that helping others to understand economics by engaging students in the classroom is vital. On the other hand, it would be neat to be in the trenches...engaged in community development...helping to ensure that communities (and the people who live there) thrive.



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Kittleson Scholarship Recipient: Aowyn Crailhardt

What led you to HSU, specifically the economics department?

HSU is the alma mater of both my parents, and I grew up in Arcata. I consider the university to be an important piece of our community, and it only felt natural to attend HSU. I originally enrolled as a Business Administration major, but I felt inspired to add Economics as a second major after taking Dr. Nicola Matthews' Introduction to Economics course.

How would you describe your achievements in the process of getting this award?

Over the past two years, the Department of Economics has helped me access numerous opportunities for personal, professional and academic growth within the field of economics. Through various internships and work on campus, I've been able to start developing a hands-on understanding of economics being applied to a work environment.

What are your plans after graduation?

I still have another two years ahead of me at HSU, but I would like to continue learning about economics in higher education after graduating. In the meantime, I will spend next year studying abroad in South Korea, where I hope to gain a better understanding of the cultural and political factors that influenced rapid development there.



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New Economics Chair: Beth Wilson

What led you to teaching here at Humboldt State?

I had been teaching at Xavier University in Cincinnati, Ohio and I wanted to get back to the west coast for personal reasons. When this job came up, it was a perfect fit! I loved teaching at a small liberal arts college and, although HSU is part of the Cal State system, it shares the same values in terms of quality education. I have always been amazed at how engaged HSU students are - it really makes for an exciting classroom experience!

How has it been being the new department chair? What have your challenges been?

This is my second stint as department chair and there are both rewards and challenges to this position. On the positive side, the chair gets to lead our amazing group of econ faculty. We really are very fortunate to have such a strong team! I also really enjoy interacting with the Dean and the other chairs in our college. We work hard to find creative ways to promote student success and to allocate scarce college resources. The challenges are always the never ending budget woes. The next few years are likely to be especially painful because the coronavirus is likely to accelerate the negative enrollment trends that residential campuses have been facing over the past few years.

How have you been adjusting to work with the coronavirus? Any particular challenges?

I have been pleasantly surprised by how well the transition to online has gone in the vast majority of econ classes. As a department, we decided to teach our courses live via Zoom rather than trying to adapt our face-to-face courses into asynchronous online courses. We felt there was insufficient time for us to be successful with the latter. We also wanted to maintain as much normalcy as possible for our students. Some classes have experienced a drop in attendance, but most have not and students are engaging in class discussions and handing in assignments on time. Overall, I feel like we have maintained the quality and rigor of our econ courses despite the challenging circumstances.

That said, there are a lot of challenges and disappointments. We miss seeing our students in person - both in the classroom and up in our office suite. We have our amazing Atkinson Student Workspace that is sitting unused. We had to do a Zoom happy hour in lieu of our Senior Dinner and Award Ceremony. And graduation will be virtual. I am very much looking forward to getting back to normal and it is frustrating because we don't know when that will be.

Any advice you'd like to give to the world at large?

I think that life is always filled with unforeseen challenges and how we rise to overcome those challenges is a mark of our character. The coronavirus and the wide-spread shutdown of economic activity is uncharted territory for all of us. It is hard to imagine such a shock and harder to predict the ultimate fall out from it. But, we are all in this together and together we will get through it. It is important to keep a positive attitude and to persevere - things will get better!

