Economics 201
Federal Reserve Challenge

Lehigh University
Team Coach: Prof. Irina Panovska

Prof. Panovska's Contact Information: **Course Information:**
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Peer coordinator (Head of Research) for the
research team: Danielle Fox def219
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team: Andrew Lavender ahl219

Course Description

Economics 201 is an experiential student-led class, intended to provide a thorough
knowledge of modern macroeconomic data and monetary policy objectives and rules.

Course Objectives

This class is an experiential learning class that has five broad objectives.
1. First, all students will become acquainted with macroeconomic data sources,
   macroeconomic data and patterns, and with basic statistical analysis that can be
   used to forecast macroeconomic variables
2. We will use macroeconomic data to analyze current events and make monetary
   policy recommendations. In Fall 2018 we will emphasize policy normalization and
   its relation to concepts related to (but not limited to) secular stagnation, slow
   growth in wages, and market pessimism and optimism.
3. All students will improve their ability to think independently and to evaluate the
   pros and cons of different policy actions
4. Students will improve their ability to communicate their idea with various
   audiences using different methods of communication (visual communication such
   as slides and statistical summaries, written communication both through team
   exercises and drafting speeches, and verbal communication such as delivering
   research summaries, delivering scripted presentations, and answering questions
   in Q&A sessions)
5. The class will heavily emphasize team work

Prerequisites

Eco 119 & Eco 29 and Instructor Permission

This course builds upon the foundation laid in Eco 001, Eco 029 and Eco 119, and students will be expected to be familiar with the basic macroeconomics concepts and definitions. I expect you to be comfortable with basic eco 29 concepts and Excel operations. However, don't let this scare you: this is not a statistics class. It is an economics class that uses mathematical and statistical tools to look at economic concepts and current events. I will review the relevant eco 45 and data concepts in class as we go along. We also have several alumni on the team who will serve as liaisons and as peer coaches.

Readings and Textbooks

There is no required textbook for this course. Reading will consist of the posted class notes, academic articles, policy briefs, and newspaper articles that will be distributed via Course Site.

You will need a subscription to the Wall Street Journal, the Financial Times, and the Economist. You can get discounted student rates for all three through Lehigh, and you can share a subscription with a classmate.

Additional materials:

A good reference book for money and banking and for intermediate macroeconomics might also be useful, if you took eco 29 or 119 couple years ago, but it is not required.

Recommended textbook for reviewing money and banking:
- Mishkin, F., The Economics of Money, Banking, and Financial Markets, (10th, 11th or 12th edition). This is the eco 29 textbook at Lehigh. I have several copies that you can borrow from me. I will also review the basic eco 29 concepts the first two or three weeks of class. Some of the case studies from the old editions are outdated, but this is fine: we will use current events as our case study.

Recommended textbooks for reviewing intermediate macroeconomics:

- Blanchard, O. and D. H. Johnson, Macroeconomics, (any edition is fine) Prentice Hall. This is the eco 119 textbook at Lehigh.

Other very popular standard macro textbooks:

- Williamson, S , Macroeconomics (any edition), Addison-Wesley.
- Abel, A., Bernake, B. and D. Croushore (any edition), Macroeconomics, Addison-Wesley.
- Mankiw, G. (any edition), Macroeconomics, Worth Publishers.

I have a few copies in my office that you can borrow and the library has a few copies.

Class Attendance, Participation, and Presentations

This is a hands-on student-led class. With the exception of the first two (perhaps three) weeks when I review the eco 29 concepts and review macroeconomic databases, I will be doing very little talking.

You will be working as a team, and you are expected to attend in an participate in each class. After the second week of class, each research subteam will start the class with an update about current economic events. This will be followed by a short team discussion about how the recent updates are related to our policy objectives. As the semester progresses, the research team presentations will naturally become shorter, and we will spend most of the time adjusting the script to incorporate the new information provided by the research team.

Although this class entails a fair amount of data analysis and summarizing, I view its mission more broadly as improving communication and your ability to analyze economic data on the fly. This includes spoken expression as well as writing. I encourage you to demonstrate your engagement during class by asking questions, making comments, and answering questions that I or your classmates ask. Discussions and questions are an integral part of the class and you are always free to ask questions or to make comments.

The research teams will be divided by topic as follows:

- Real economic activity (GDP, Consumption, Business Spending, Sales, Housing)
- Labor markets (unemployment, employment, wages, inequality)
- Prices and price stability (inflation, oil prices, commodity prices)
- Financial markets and sentiments (stock market developments, banking sector development, consumer and business sentiments)
- International developments (exchange rates, international financial markets, political developments, trade). The Fed does not directly respond to international developments, but it does respond to the effects that they have on real economic activity and labor markets in the US economy.

Each student who is on the research team will be required to present in class at least once. You are expected to attend all classes and practice presentations. If you need to miss a class for an excused reason (job interview, game, etc) email me and your research teammates to let us know so we can plan accordingly.

Assignments and Grading

There won't be any formal assignments because the assignments and the presentations are open ended. The only fixed assignment is the very first one, where each research subteam will need to present the basic concepts they will be working on to the entire team.

- Assignment 1: September 3rd Basic definitions and data patterns your subteam will be working on

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- Week 3 onward: research team updates, and speaking team updates

Each week we will also have a short discussion where each subteam will have a few minutes to discuss other developments and current events in their area that do not show up in the data summaries, but could be relevant for policy. These discussions can be based on what you read in the WSJ/ FT/ the Economist, social media updates, polls, etc.

The weights for your final grade will be as follows:
- Attendance and participation in in-class discussion: 30% of your grade. Since we meet only once a week, if you miss more than 2 classes without an excuse, your attendance grade will go down by 10% for each subsequent class. I understand that a lot of you have job interviews/ exams/ practice graduate school interviews. If you absolutely need to miss class, email me and your teammates so we can plan accordingly. If you need to miss more than 2 classes because of illness or other extenuating circumstances you should also contact the Dean of Student's office and come see me in person (or ask the Dean of Student's office to contact me if you are unable to see me in person). They can contact all of your professors and help you make arrangements for make-up work in all of your classes. The advisers from the Dean of Student's office and your professors can work together to set up an alternative grading scheme, make up exams, or give you extensions as necessary.
- Presentations 30% of your grade (both for the research team and for the speaking team). Did you show up on time? Were you prepared? Were you responsive to feedback?
- Classmate feedback and your feedback for your classmates: 40% of your grade; Every few weeks I will ask all of you to provide anonymous feedback that will help me evaluate what is going on behind the scenes. I will be able to see who submits the feedback but your classmates won't. You will get credit for getting positive peer evaluations, and for providing honest and detailed peer evaluations for your teammates. You will see the evaluations you got (without the names). We are very lucky to have a large team, so I will be able to discard your lowest peer evaluations to eliminate any scores that could have been influenced by personal conflicts. If you feel that your scores have been affected by personal disagreements, please talk with me and with your peer team coordinator so we can help resolve any frictions. Andrew is the coordinator for the speaking team and Danielle is the coordinator for the research team.
- 10% extra credit if we make it to the second round or beyond. Note that your regular grade does not depend on whether the team makes it to the second round or not. However, if we do make it, all team members will get 10% added to their grade, which gives everybody an incentive to make sure we do well as a team.

Course Outline

The course outline is tentative. Since this is an advanced class and depends on current events, we may need to change the schedule in real time as we go along. Any changes to the schedule will be announced in class and posted on the website, but it is extremely likely that we will be making changes week-to-week after week 4.

We will cover as many topics as time permits, but the detailed schedule will depend on the pace of the class and on current events. Once the team has selected a general key issue to build the policy proposal around, the readings will get much more specific. The assigned readings for each topic will be posted on Course Site.

- Week 1: Introductions
    1. Reading: review of eco 29 concepts (Ch13, 14, 15, 16)
    2. Reading: Introduction to macroeconomic databases
    3. Assignment for the week: fill out the survey in class. The research teams will be announced by Wednesday the first week of class; I will provide resources for each team for the first presentation.
    4. Go over the slides for the chapters covered in class, skim the slides for the chapters I'll cover next week
- Week 2:
    1. First presentation: each subteam will go over the most important variables and definitions they will be looking at
    2. Readings: Review of eco 29 concepts (Chs 10,11, very brief overview of Ch 17 and 18, Chs 23,24,25, time permitting)
    3. Assignments for the week (research team): prepare the presentations for the key variables for week 3;
    4. Everybody: what are some key recent developments you think might be important?
    5. Go over the slides for the chapters covered in class, skim the slides for the chapters I'll cover next week
- Week 3:
    1. Readings: Chs 23, 24, 25 (if we are not done by week 2);
    2. Assignments for the week (everybody): think about what is the most pressing issue the US economy is facing when it comes to monetary policy
    3. Go over the slides for the chapters covered in class
- Week 4: update on key macroeconomic indicators, team meeting to plan our policy approach
- Week 5: update on key macroeconomic indicators, team meeting to plan what additional data and theory we'll need to prepare our presentation; Reviewing presentations from last year
- Week 6 onwards: key macro updates, preparing the presentation, team practice

University Policies

The work you do in this course must be your own. This means that you must be aware when you are building on someone else's ideas—including the ideas of your classmates, your professor, and the authors you read—and explicitly acknowledge that you are doing so. Feel free to build on, react to, criticize, and analyze the ideas of others but, when you do, make it known whose ideas you are working with. If you ever have questions about drawing the line between others' work and your own, ask me and I will give you clear guidance or you may visit Lehigh's 'Managing your Information and Citing it' page at:

http://library.lehigh.edu/content/managing_your_information_and_citing_it

All of your sources should be properly cited. If you are unsure how to properly cite something, please see me or your peer coordinator.

Accommodations for Students with Disabilities: If you have a disability for which you are or may be requesting accommodations at any point during the semester, please contact both your instructor and the office of Academic Support Services, University Center 212 (610-758-4152) as early as possible in the semester. You must have documentation from the Academic Support Services office before accommodations can be granted. The Academic Support Services office does not directly forward the letters to your professors. You will need to provide the letter to me at least 7 calendar days before you need accommodations. After I have the letter, I will be more than happy to accommodate you.

Lehigh's Principles of Our Equitable Community: Lehigh University endorses The Principles of Our Equitable Community (http://www4.lehigh.edu/diversity/principles). We expect each member of this class to acknowledge and practice these Principles. Respect for each other and for differing viewpoints is a vital component of the learning environment inside and outside the classroom.