Examples of Student Presentations

Below are eight actual examples of presentations posted by students in previous classes. Exhibit A consists of five examples of good student presentation that scored 5/5 points. Exhibit B consists of two examples of ones that scored less than 5 points, with comments indicating my expectations within the presentation. Exhibit C contains one example of a poor student presentation that scored 1/5 points.

Exhibit A: Examples of "V. Good" student presentations (that got 5 points)

Example I

Title: Average-Inflation Targeting and the Effective Lower Bound

Commented [AYS1]: Overall, presentation conforms to one of the options listed on the Student Presentation instruction page.

Authors: Renuka Diwan, Sylvain Leduc, and Thomas M. Mertens

Date: August 10, 2020

Source: Economic Letter, Federal Reserve Bank of San Francisco; URL: https://www.frbsf.org/economic-research/publications/economic-letter/2020/august/average-inflation-targeting-and-effective-lower-bound/ (Links to an external site.)

Commented [AYS2]: Presentation includes: (i) Source; (ii) Summary Section; (iii) Connection to class piece; (iv) Discussion questions

Economic Letter Summary

Commented [AYS3]: Each of the sections (e.g. source, summary connection to class etc) are all separated as subsections, with their own header. They are easily identifiable.

The Federal Reserve has a target of 2% inflation but has been challenged to meet that target with inflation falling short on average for the past decade. From the Great Recession monetary policy and other factors, interest rates have been low with little margin to react to the current economic downturn due to the pandemic. With interest rates near the lower bound, the FED has had to use asset purchasing and forward guidance to stimulate economic recovery.

The FED's dual mandate, of low unemployment and stable prices, is dependent on their ability to set interest rates and hit inflation targets. With nominal interest rates near the lower bound, their ability to mitigate a recession is hampered. Historically lower than target inflation has the potential to lower future inflation expectations. This, in turn, puts downward pressure on inflation, which restricts economic activity.

Up to this point, the FED's inflation target is forward-looking, meaning historical levels do not influence the target. The letter proposes that an average policy should be undertaken such that short-term inflation targets be adjusted such that inflation averages out to 2%. Thus, a period of below-average inflation would be followed by a period of above-average inflation. The periods do not necessarily have to follow one another but could be averaged over a defined period or averaged over business cycles.

By averaging the target inflation, expectations and resulting behavior help prevent restriction in economic activity. It has the added benefit of higher interest rates, which gives the FED a more considerable margin to the lower bound, of zero, and allows more monetary policy leverage. In times of recessions, the ability to negate adverse effects through interest rates is a powerful tool. The more considerable margin will lessen dependency on or add to other tools like forward guidance and asset purchasing.

Commented [AYS4]: Good summary of article.

Connection to Class

When considering policy and interest rates, it is essential to tie these concepts together in the IS-LM model. The nominal interest rate is the real rate plus expected inflation. This is modeled in the IS curve as $Y = C(Y-T) + I(i-E\pi) + G$, where i is the nominal interest rate, and $E\pi$ is expected inflation. If price levels are expected to fall, negative inflation called deflation, it shifts the IS curve down and to the left as a result of the debt-deflation theory. When that occurs, nominal interest rates fall, but real interest rates rise. As a result, firms are less likely to invest, knowing future repayments are more valuable.

It is, therefore, important the FED targets a positive rate of inflation to keep prices stable and curb high unemployment. The expected inflation, and the FED's stated target, has a real effect on economic activity. Since holding cash is better than paying a depository institution to hold cash, meaning negative interest rates do not improve liquidity, an interest rate of zero is considered the lower bound. The liquidity trap at the lower bound suggests expansionary monetary policy is impossible as interest rates cannot fall below zero. Critics sight that the liquidity trap doesn't indeed exist as monetary policy can include forward guidance and quantitative easing, as the letter describes and is used heavily in the Great Recession and current pandemic.

However, the letter describes that those tools are limited, as all tools are, and the ability to have an expansionary margin would add to the FED's effectiveness. It suggests accomplishing this by changing the target inflation policy through inflation averaging to match business cycles. Hitting inflation targets would change expected inflation, allows setting higher real rates, and gives the FED the ability to lower interest rates farther before hitting the lower limit when a recession occurs. This results in the ability to solve liquidity issues more effectively and to mitigate recession depth better. The reason expansionary monetary policy works is due to the downward shift in the LM curve, which increases income and lowers rates, assuming nominal rates aren't already at their lower bound.

Commented [AYS5]: Clear relevance to topic of the week. Underlying mechanisms have been clearly articulated within the context of the model in the paragraphs above.

Discussion Questions

1. As the letter suggests, the FED is losing the effectiveness of its traditional tools to combat recessions. At the same time, the mounting national debt has the potential to hamper fiscal policy. Should we be concerned about the described fiscal and monetary state? Why or why not? If we should, how would you propose to fix some of the issues?
2. What do you believe is the most important economic lesson from previous recessions and depression? How has that lesson been applied to lessen the economic effects of the pandemic?
3. Do you agree that an average inflation target policy should be adopted by the FED? What would be the pros and cons of said adoption?

References

Diwan, R., Leduc, S., & Mertens, T. M. (2020, August 10). Average-inflation targeting and the effective lower bound. Economic Letter. Federal Reserve Bank of San Francisco. https://www.frbsf.org/economic-research/publications/economic-letter/2020/august/average-inflation-targeting-and-effective-lower-bound/

Example II

Article Information:

Title: A Flattened Curve

Source: The Economist – Media Bias: Least Biased

Commented [AYS6]: Note: for non-research articles, the categorization of the source in the media bias website is required.

Date: August 22, 2020

The article is attached as PDF for your convenience.

Article Summary:

The Phillips Curve remains one of the most important economic theories, but developments over the past few decades have called it into question. Evaluating more recent data, the Phillips Curve appears to be flattening. Inflation does not seem to have the same relationship to unemployment as it did when the Phillips Curve was first developed. In fact, it appears that inflation is no longer responsive to unemployment.

Several theories exist for why this is happening, listed below.

- It is possible that the unemployment rate isn't capturing everyone who actually wants to work. For example, when unemployment is very low, older people may decide to come out of retirement. According to traditional definitions, they would not have been previously counted as part of the labor force, which affects the unemployment statistic.
- We may be seeing a delayed impact. Employers don't like to lower wages during economic downturns and as a result, don't like to increase them during upswings.
- We may need to separate data out into local levels. In 2019, several researchers separated data into specific local markets and saw the Phillips Curve holding true. It was only when the data was combined into the national level that the flattened curve appeared.
- We may simply be seeing sticky prices in action.
- Central banks are acting quickly so we see the changes in unemployment but not inflation. Their actions are causing us to no longer see the Phillips Curve.

If the relationship between inflation and unemployment no longer holds, central banks will have to come up with new solutions. They cannot lower interest rates much below zero, and while they can make more money, they can't make anyone spend it.

The article suggests that one option to combat this unique issue is for central banks to partner with governments, since governments can spend the money the central banks make.

<u>Connection to Class</u>:

The most obvious connection to class is that this article discusses the Phillips Curve. However, more deeply, I wanted to demonstrate the continual learning process that is essential to modern economics. I feel this is particularly important as we are living through an unprecedented global pandemic.

The original Phillips Curve showed the inverse relationship between inflation and unemployment. Over time, it was revised, most notably with the additions of expected inflation and supply shocks. These revisions happened based on developments in economic theory (the imperfect-information model) and world events (the 1970's oil crisis).

If the Phillips Curve has indeed flattened, what does it mean in the context of our class? Two key possibilities arise here. The first is that the empirical link between inflation and unemployment is not as pervasive as it once was, and over time has weakened. Under this interpretation, then there is a question whether Okun's Law still holds. A second possible explanation is that the link between price-inflation and unemployment may not be as strong because of socio-demographic factors, but the link between wage-inflation and unemployment may still continue to hold.

New events happen that challenge our understanding of the world. The rapid advancement of technology and the coronavirus pandemic are two major events that will cause models and theories to be changed, and it is likely there will be more.

The article notes that central banks are starting to coordinate better with governments, which was largely unprecedented before the coronavirus pandemic. The coordination of fiscal and monetary policy could usher in a new era of economic theory and policy, and strengthen the link between inflation and unemployment once more.

<u>Discussion Questions</u>:

1. What revisions do you think should be made to the Phillips Curve to bring the model up to date?
2. Do you believe the Phillips Curve is "dead" ?
3. What are the potential effects of coordination between central banks and governments?

<u>Works Cited</u>:

A flattened curve. (2020, Aug 22). *The Economist, 436*, 57-58. Retrieved from https://libproxy.uww.edu:9443/login?url=https://www-proquest-com.libproxy.uww.edu:9443/docview/2436132155?accountid=14791

Attached: Economist Article.pdf

Example III

Why do Business Cycles Move Together?

By Student A, Nov. 2015

Link:

https://www.stlouisfed.org/publications/regional-economist/april-2015/regional-versus-global-business-cycles (Research Article in Policy Publication)

Article Summary:

The article "Regional vs. Global: How Are Countries' Business Cycles Moving Together These Days?" discusses the correlation between business cycles in different countries. The article suggests thinking of a country's business cycle as having three components: a global component, a regional component, and a country component. The global component represents global synchronicity and captures movements in all countries' business cycles. The regional component represents regional synchronicity and captures movements with a country's "neighbors". Finally, the country component represents an independent business cycle and captures movements unique to that country.

Connection to class:

As we learned in module 2, a business cycle is the periodic but irregular up-and-down movement in production and jobs. Business cycles are a prominent feature in developing and advanced economies and can be correlated across countries. This correlation implies that countries are in the same phase for stretches of time. Countries can experience correlation in business cycles for several reasons. For example, countries may experience shocks common to all countries or countries in the same region, such as, oil price shocks, weather disruptions, or regional conflicts. For this reason, countries may also seem to "move together", just like industries can move together within a specific country. In addition, as globalization continues, financial markets and goods market may become more integrated, leading to additional synchronicities and convergence in cycles.

Additional Thoughts:

Economists Hideaki Hirata, Kose and Otrok found that the importance of regional cycles, particularly in Europe and Asia, had risen dramatically. Understanding which countries are synchronized can be an important component for implementing countercyclical policy. Downturns in other countries that have synchronous cycles can forecast domestic downturns, leading to more timely policy. "Understanding synchronicity can also provide insight into the impact of trade diversification, of the increase in financial flows and of regional trade agreements, all of which have helped to define the global economy in the 21st century" (Regional vs. Global).

The Eurozone is an economic and monetary union consisting of 19 European countries. These countries are in close geographic proximity, have adopted the euro as their form of currency, and are members of the European Union. Therefore, changes in the European Central Bank's monetary policy can affect all of these countries and cause their business cycles to move together. "The European Central Bank's quantitative easing has already played a role in increasing forecasts of GDP growth across all member countries. On the other hand, the uncertainty surrounding the rumored exit by Greece from the Eurozone could destabilize the European economy" (Regional vs. Global).

Although the regional component is important, its contribution to the business cycle is small compared to the global and country component. In 2012, economists Neville Francis, Michael Owyang and Ozge Savascin found that the regional component is more important when defined by more than geographic location. Regions are defined based on country-specific factors including: the degree of economic openness to trade, the investment share of real gross domestic product, the method of conflict resolution, the legal system, language, and composition of trade and production. Countries with common cultures, language, and legal systems tend to have similar business cycles. In my opinion, this definition will lead to the regional component being more important and will have a greater role in explaining the correlation between countries' business cycles.

Discussion Questions:

1. How strong the correlation is between countries' business cycles depends on the relative importance of the components. In a 2003 article, economists Ayhan Kose, Christopher Otrok and Charles Whiteman assessed the relative importance of the global, regional and country components of business cycles in 60 countries. In their initial sample (1960 to 1990), they found that the global and country components explained a substantial portion of the cyclical movements for most countries; regional components explained far less. Why do you think the regional components were relatively less important than the global and country components?

2. In your opinion, has the regional component of countries' cycles become more important?

Example IV

The U.S. Unemployment Rate and Labor Force

By: Student D, July 2018

Link:

https://www.reuters.com/article/us-usa-economy-jobs/u-s-job-growth-picks-up-unemployment-rate-falls-to-3-9-percent-idUSKBN1I508J (Least-Biased)

Article Summary

While job growth in April increased by less than expected, the unemployment rate dropped down to a near 17 ½ - year low of 3.9 percent as some out-of-work Americans left the labor force. Over the period from February to April, the Labor Department has reported that nonfarm payrolls have increased by 324,000 jobs in February, 135,000 jobs in March, and 164,000 jobs in April. Hiring is becoming moderated as the labor department approaches full employment. More so, the amount of people who want to work but have stopped searching and those working part-time because they cannot find full-time employment dropped to 7.8 percent in April, the lowest level since July 2001.

The 3.9 percent unemployment rate is at a level last seen in December 2000. The Federal Government has forecasted an unemployment rate of 3.8 percent by the end of this year while economists expect the unemployment rate will drop to 3.5 percent by year-end. In March, 158,000 people left the labor force, followed by 236,000 people in April. The Labor Force Participation rate fell from 62.9 percent in March to 62.8 percent in April. This was the second consecutive monthly drop in the participation rate.

The 164,000 payroll jobs in April were below the expected 192,000 jobs forecasted by economists. Average hourly earnings rose 0.1 percent in April after rising 0.2 percent in March. Those increases brought the annual increase in average hourly earnings to 2.6 percent. However, average hourly earnings could be understating wage inflation. The Employment Cost Index showed wages have been rising at their fastest pace in 11 years during the first quarter of 2018.

Connection to Class

The unemployment rate measures the percentage of those people wanting to work that do not have a job and is a strong aspect of economic performance. Keeping workers – a key resource in an economy – employed is a strong indication of this economic performance.

The Bureau of Labor Statistics (BLS) provides a measure of new jobs created based on the change in total nonfarm employment. The BLS produces two measures of total unemployment: the Current Population Survey (or the Household Survey) and the Establishment Survey. Neither measure is perfect, but the responses drawn from these surveys provide valuable information about the impact of Americans leaving the workforce and the correlation to the decrease in the unemployment rate.

Important to note is the decrease in 'discouraged workers', those who want a job but have given up looking. This is an important point because discouraged workers are counted as not being in the labor force. This will have a direct impact on the Labor Force, the Unemployment rate, and the Labor Force Participation rate. This is also important because of the length of unemployment. The short-term unemployment is typically due to resources finding a match. It takes time to find a job that fits the skills and desires of that resource. This would counter if the larger issue were long-term employment, as this would lend itself to a mismatch between the number of jobs available and the number of people who want to work.

As the U.S. continues towards a rate of full employment, the economy will face frictional and structural unemployment, as cyclical unemployment is not immediately impacted by the business cycle. In the current technology era in which we exist today, this leads to a much more accelerated sectoral shift as human resources attempt to keep up with the demand for labor that produces those constantly changing goods. These shifts are always occurring, and as long as demand is changing, both frictional and structural unemployment will always occur.

Questions

1.) In your view, what is the correlation between the decrease in the unemployment rate and the wage inflation rising at such a large pace?

2.) Since the Great Recession of 2008, there has been a decline in the Labor Force Participation rate in the U.S. However, this rate (percent) has been much less volatile since 2014. What do you attribute to the recent consistency? (https://data.bls.gov/timeseries/LNS11300000)

3.) Between March and April, nearly 400,000 people left the labor force in the U.S. What do you believe to be the main factors for leaving?

Example V

Jobless Recoveries: Causes and Consequences

By Student E, 18 July 2018

Link: https://www.stlouisfed.org/publications/regional-economist/april-2011/jobless-recoveries-causes-and-consequences (Summary of Research Article in Policy Publication)

Article Summary

At the writing of the article In April 2011, labor market conditions remained disappointing even after almost two years after the end of the Great recession in June 2009. Overall economic activity up to that timeframe had shown signs of recovery but the employment picture had not. The unemployment rate projections, unemployment duration, and payroll did not appear promising.

Beginning in the 1990's recessions began to show a lag in the employment picture even after the recessions had ended. Unemployment rates continued to increase a full fifteen months after the recessions had ended. Prior to the 1990's the unemployment rate began to decline in conjunction with the end to recessions.

Job growth polarization, industrial reallocation, and organizational restructuring had contributed to a discontinuity between available workers and job opportunities. Most U.S. employment growth was between high-skill, high-waged or low-skill low waged jobs. Many middle-skill routine jobs vanished. Job opportunities in certain industries dropped and never returned to pre-recession levels even though these industries enjoyed economic recovery. Organizational restructuring also led to a focus on doing more with less which had an impact on the number of employees at a firm. Small businesses accounted for a higher percentage of job losses than bigger firms. Many small businesses also closed their doors resulting in permanent job losses.

College graduates entering the workforce during jobless recoveries have been shown to endure a lifelong impact. These graduates usually accept lower paying and lower skilled jobs. When comparing wage and career attainment after 15 years to comparison groups, these graduates have been much less successful. Crime, eating habits, and the welfare of children have also been impacted negatively by prolonged jobless periods. Property crime specifically soared which had a greater damaging impact to low income neighborhoods. A correlation of fruit and vegetable consumption was found which showed a decrease of about 2-4 percent when the unemployment rate rose by 1 percent. The social consequences are additional factors to consider in jobless recoveries than just the numbers.

Connection to Class

At several times in the lectures it was pointed out that a phenomenon known as jobless recovery was starting to show up after the last three major recessions in the U.S. The economy was technically out of recession by definition but the labor market opportunities were not increasing as they had been in previous recessions.

One of the main topics that was discussed was unemployment. We learned the definition of the unemployment rate as the percentage of the labor force that is unemployed; U/L where U is the number in the population which are unemployed divided by the number of those in the labor force (L). The Labor force added to those not in the Labor Force make up the Civilian Working Age Population. The Labor force participation rate is the labor force (L) divided by the Civilian age working Population.

The labor force participation can have a meaningful impact on the employment rate. If the number of civilians in the labor force decreases because of a shift to the "not In Labor force" segment, the unemployment rate may appear to go up if U (unemployed) is held constant. This can be due to the discouraged workers leaving the labor force.

Discouraged workers is an indicator which shows people available and willing to work but who have not made an effort to find work within the last four weeks. Another labor market indicator is underemployed workers which Is defined are those who would like to find full time jobs but are currently working part time.

There are also different types of unemployment, frictional, cyclical, and structural. Frictional unemployment comes from normal Labor market turnover which forces unemployed workers to look for new jobs due to creation and destruction of jobs. Structural unemployment is due to mismatch between the skills of a worker and the skills demanded by the employment marketplace. Cyclical unemployment is due to the fluctuation of employment levels caused by the business cycles. The type of unemployment occurring can have underlying tones as to what is happening in the job market. Frictional unemployment for example can signal a strong economy where a larger percentage of employees are switching to new and better jobs. Structural unemployment can have more dire consequences as workers would need time to acquire the skills required by the marketplace. Depending on the nature of the skills this can range from months to years.

Questions:

1. What type(s) of unemployment do you feel are being demonstrated during a Jobless recovery? Why?

2. In your opinion is a jobless recovery only an interesting phenomenon or something that needs to be addressed? Do you believe if not addressed it can hamper future recoveries and have major social impact?

3. What are your thoughts of the impact of a jobless recovery on the number of civilians in the Labor Force? Does it have a greater impact on discouraged workers or underemployed workers than previous recoveries?

Exhibit B: Examples of "Good Enough" student presentations (that got less than 5 points) with comments by me on what they could have done better

Example VI

Higher Inflation Only Clear Conclusion In The Data

By: Student F, July 2018

https://www.forbes.com/sites/greatspeculations/2018/06/21/higher-inflation-only-clear-conclusion-in-the-data/#37168854107f

Commented [AYS7]: No mention of whether article comes from a source that is left-center biased/least biased/ right-center biased

Article Summary:

The economy is doing well and there are some very telling markers that will illustrate this. Unemployment is below 4%. We say a 0.8% increase in retail spending this past May along with strong growth in the auto industry. This article hints at the importance of understanding business cycles and that we may be seeing, “end-of-cycle” signs.

Rising interest rates are starting to show some negative effects on the emerging markets (EM). This can be seen in currencies in countries around the world to be losing their value against the U.S. dollar. In the past it was shown that a strong dollar along with rising U.S. interest rates have led very slow economic growth in the EM economies.

Wages are increasing at rate unseen in a very long time. In the first quarter of 2018 the rate was at 2.9%. In May, the Producer Price Index (PPI) which is a widely excepted indicator of consumer inflation was at 3.1%. It is also worth noting that the unemployment rate is so low that there are more available jobs than people actively seeking work. When there are more jobs than people to fill them, that means that wages are expected to rise.

Connection to Class:

This article does a great job of tying in all of the aspects the business cycle that we learned about in the lecture. In Macroeconomics we look to compare different variables or indicators in terms of how each one has an impact to production in the economy.

Not all of these indicators can tell the same type of story. We learned about procyclical variables. These are indicators that positively relate to the economy. For example, this article talks about Prices. Prices will tend to go up when the economy is doing well. This can also be said about inflation. We are seeing steady increase in this benchmark as well.

Another type variable is categorized as countercyclical. These will negatively relate to the economy. In this article they touched a little bit on unemployment. In a strong economy we will see the unemployment rate fall. The reason these indicators are worth noting is that we are seeing these at rates that we haven't seen in a very long time. When these start to tilt out toward their extremes, that is when we start to see more caution that we may be heading toward a turning point in the business cycle.

Questions:

Wages are defined as an Acyclical variable and do not move consistently in a business cycle. Why do you think it is important to track and analyze wages? What can be learned from wages?

Do you agree with the author of this article, that we may be near the “end-of-cycle”? What reasons or signs would make you participate differently in the stock market/investments?

What do you think the role of the federal government should be in the business cycle in terms of its use of the Federal Reserve or policy changes?

Example VII

Subway Faces Lower Demand

Commented [AYS8]: Grammatical error in sentence.

Commented [AYS9]: Another grammatical error

Commented [AYS10]: This statement is incorrect. The PPI is a measure of producer price inflation.

Commented [AYS11]: Overall, the summary piece written here is does a fairly good job at summarizing the article.

Commented [AYS12]: The student is trying to talk about correlations of different indicators with the business cycle and whether they are pro/counter/acyclical. However, they have misstated the idea. It's not about the impact (- that is derived from the theoretical model; rather it's about correlations – how different variables move together.

Commented [AYS13]: Needs to specify how.

Commented [AYS14]: What about when the economy is not doing well (e.g. recessions). The student needed to talk about cyclical behavior – how the variables (e.g. prices/inflation) respond in **both** good and bad times.

Commented [AYS15]: Unsure what this means.

Commented [AYS16]: The student has tried to tie in the article to the content of that week. However, the student could have done better in this aspect. One example of what they did not do was to spell out the underlying mechanisms by how (in the context of this example) prices/inflation/unemployment etc co-move with the business cycle, and what might be some reasons they do.

Commented [AYS17]: No further (additional) thoughts section. Straight on to Questions.

Commented [AYS18]: These questions are interesting and should help to stimulate some conversation in the forum that they are then to lead.

By Student G, July 2018

Below is a link to the article I found on Forbes

https://www.forbes.com/sites/darrentristano/2018/05/01/subway-continues-restaurant-closures-turns-attention-toward-market-share-and-global-expansion/#54cd687934f4

Article Overview:

Subway is being forced to close locations (up to 1300) in the last two years. This comes after Subway expanded too rapidly. Another issue facing Subway is the increase in competitive sandwich shops such as Jersey Mikes, Cousins and Jimmy Johns to name a few. The double-edged sword facing Subway is the fact that they have a franchised focus business model, meaning that there are local owners of each individual shop. The ultimate goal is to close lesser visited locations hoping that consumers will drive a littler further to premium, established locations. The issue is that the individual owners have to be onboard with the decision from corporate. The article states that the restaurant industry is saturated with restaurants compared to consumer demand.

Connection to Class:

This article is a classic example of supply and demand. It can be applied to the discussions in class by showing that increased supply of restaurants will lead to a lower demand rate. Similarly in class we learned that an increase in money supply lowers the interest rate (money demand). We have seen in the past that stimulus packages are offered in order to cut interest rates and boost money supply. Stimulus packages can also boost the economy by lowering the trade exchange and allowing a country to export more goods. In the consumer market Owners or CEO's make the decisions to achieve equilibrium between supply and demand. In terms of the money market, the FED controls when money is printed and added into the economy. As we use the graph given in class Subway is looking to decrease store fronts (move vertical like to the left), which will inherently realign demand.

Additional Thoughts:

I am not surprised that Subway is in the process of closing numerous restaurants. I didn't think that a sandwich shop would be able to sustain the demand necessary to fund all the small market restaurants. For me, it is easier to take an example like this and apply it to a macroeconomic theory. I also believe that stimulus efforts can boost the economy, but I also believe that it can provide a false sense of comfort. As the theory states the increase in money supply will lower the interest rate. In 2009 the American Recovery and Reinvestment Act (ARRA) was signed in hopes of offsetting the private sectors decrease in spending by creating more public sector spending. This was aimed and increasing job growth. I believe that the ARRA did create a positive bump in the economy, however, it was short lived and put the nation further in debt. Once the upturn was done I believe the economy went back to where it was before.

Discussion Questions:

Commented [AYS19]: No mention of whether article comes from a source that is left-center biased/least biased/ right-center biased

Commented [AYS20]: Grammatical error, most likely a typo.

Commented [AYS21]: The summary piece here is a little short and does not fully articulate the ideas in the article. The topic is interesting however.

Commented [AYS22]: This is more of a microeconomics example. What would be the macroeconomics example here?

Commented [AYS23]: Link between talking about supply and demand (for goods and services) to talking about supply and demand for money is a little tenuous here.

Commented [AYS24]: A couple of errors here in terms of the use of the word "stimulus" here. The student is trying to talk about monetary expansions, but using stimulus in the sense of fiscal stimulus packages. May show a lack of understanding of the difference between the government and the Federal Reserve.

Commented [AYS25]: This is too general. Which graph? Needs to specify better.

Commented [AYS26]: Doesn't expand on the link between Subway and "stimulus efforts"

Commented [AYS27]: The link here is between fiscal stimulus packages and incurring additional debt on the economy through borrowing.

1) Do you think that Subway will be able to rebound and gain more market share by closing restaurants? Or is a sign of negative things to come for Subway?

2) Knowing that the FED controls the supply of money, do you think there should be more awareness of the Federal Reserve?

3) Lastly, please review the American Recovery and Reinvestment Act. Do you believe the ARRA was successful in sustaining a better economy? Overall, are stimulus packages successful?

Exhibit C: Example of Poor student presentation

Impact on economy when consumer spending goes down

By Student H, November 7 2015

It was interesting to read the attached article from Wall Street Journal which portrays Americans are saving more and spending less though the wages have gone up slightly. The current chapter explains aggregate demand curve analysis. When there is an increase in the price it will reduce the demand for goods and services. When exogenous variable money increases the demand curve shifts towards right with an increase in aggregate demand. If there is a shock, in the log run price is flexible. If the price increases demand will be more and there could be inflation. In the short run supply will be more and price will be sticky.

As per the article personal spending as well as personal income were slightly increased by 0.1% in September 2015. Personal savings rate has increased by 0.1% in September to 4.8% when compared to August with 4.7%. The consumer spending accounts constitutes two thirds of US GDP so when spending decreases it will affect the US output. We own a BP gas station and convenient store in %^&$@!. I could relate our business to what is stated in this article. In the winter season the business is usually very slow, in spring it slowly picks up and summer we do a lot better. We could make only 5 cents per gallon of gas and the profit we make is from the sale inside the store. When people stop by to buy gas they purchase other things as well as fried chicken from our kitchen. Majority of our regular customers are the workers from the tire manufacturing company.

From the economic theory, when there is full employment the unemployment is at the natural state. We have seen our employees leaving our business for higher paid jobs since 2014. The employment rate is 5.1% and steady as of September 2015.

- From the current trend what is the economic condition of United States? Is it approaching recession??

Commented [AYS28]: Overall: Notice, not all sections of the presentation are included. Sections are not separated out with different headers, and the organization is poor. Insufficient summary of article. Does not clearly connect underlying mechanisms to models presented in class.

Commented [AYS29]: No mention of whether article comes from a source that is left-center biased/least biased/ right-center biased

Commented [AYS30]: Goes straight into "Connection to Class piece" without summarizing the article.

Commented [AYS31]: Spelling error

Commented [AYS32]: Grammatical error

Commented [AYS33]: Incomplete sentence.

Commented [AYS34]: Incomplete sentence, along with grammatical error

Commented [AYS35]: Student does not do a good job tying the article in to the content of that week.

Commented [AYS36]: Begins summary here (does not follow organizational structure for presentation).

Commented [AYS37]: Again, incomplete tie-in of personal experiences to content of module for that week. Link between statements here and module content is tenuous.

Commented [AYS38]: Note: there is more than one theory in Economics.

- As a small business owner if there is a demand shock how does it will affect my business in the long run and short run?
- What is the GDP of US in 2014? Is better than previous year?

http://www.wsj.com/articles/consumers-spend-less-amid-soft-wage-gains-1446248061

Commented [AYS39]: Unsure why the student selected 2014, since the class was after that year. Additional data was available.

Commented [AYS40]: Overall, the presentation lacks organizational structure (Summary of Article; Connection to Class; Additional Thoughts; Questions). Aside from the spelling and grammatical errors, a lot of the statements made here do not do a very good job in tying in to the material presented for that week. The student was unable to generate a lot of discussion in the forum.