American University
School of International Service

SIS 628: 007—Communicating Economics to Non-Economists

Midterm Exam: Individual Assignment

> All assignments and exams should be submitted by email to ploungani@imf.org. Please note that the email is an IMF address. Yes, you should it send it to this IMF address. Yes, that means that you should *not* send it to the AU address. You can, *in addition to sending it to the IMF email*, send it through Blackboard but this is not essential.

This assignment should be sent by email to ploungani@imf.org by **5 pm on March 6, 2019 and also given to me in hard copy at the start of class that day.** Please note that this is an individual assignment. You cannot consult your team-mates or classmates. It is an open book assignment.

I.   Jobs and Growth (Page Limit: 3 pages)

   a)   (5 points) Estimate the relationship between jobs and growth (i.e. Okun's Law) for Japan and Spain for the period 1980 to 2017 using the data provided earlier. Estimate only the 'changes' version of the Law.

   b)   (15 points) Estimate the 'changes' version of Okun's Law for the two countries for two separate sub-periods: (i) 1980 to 1998; and (ii) 1999 to 2017. Has the relationship between jobs and growth changed in the two sub-periods?

   c)   (10 points) How would you explain your answer to part b) above in plain English (e.g. to someone who does not have a background in economics)?

II.   Trends and Cycles in Income (Page Limit: 4 pages)

https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-project-database-2018

   a)   (20 points) Use the database above to describe the trend(s) and cycles in Australia's per capita income since 1875. (Use the 'cgdppc' measure).

   b)   (10 points) How would you describe the similarities and differences between Australia's trend per capita income and U.S. trend per capita income? (The U.S. data is also in the database)

   c)   (10 points) How would you describe the similarities and differences between the cycles in Australia's per capita income and the cycles in U.S. per capita income?

III.   Central Bank Actions (Page Limit: 1 page)

(10 points) On Feb. 7, 2019, the board of the central bank of Peru met and issued the following statement: http://www.bcrp.gob.pe/eng-docs/Monetary-Policy/Informative-Notes/2019/informative-note-february-2019.pdf. Predict the statement they will issue when they meet on March 7, 2019.

IV.   Taking Stock (Page Limit: 2 pages)

(20 points) Write a non-technical summary of what you have learned in the first four classes of the course (Jan. 16, 23, 30 and Feb. 6). You should definitely summarize what we've discussed in class (the PPTs) but should also bring in at least some of the required texts and the readings that were assigned for these classes.