

Optional Final Project

12/11/2024

1. The Macroeconomics of an Interesting Country

Pick a foreign country (i.e., a country different than the U.S.) that you find interesting and learn some basic facts about its economy. Summarize these facts in a half-page of text and a few graphs. For this purpose, you may find the following resources to be helpful (click on the name in the PDF file for a hyperlink):

- The IMF's [World Economic Outlook](#) (See the "Statistical Appendix" for a list of tables.)
- The [OECD Economic Outlook](#) and their [Statistics section](#)
- [TradingEconomics.com](#)
- The [CIA World Factbook](#)
- The [Country Snapshots](#) file of Chad Jones's website (the course textbook author)

Of course, feel free to take advantage of other resources as well. However, please be sure to reference your sources appropriately, including for data, statements of fact, and arguments or language.

2. Calculating Growth Rates

Using the "Country Snapshots" data (accessed through the "data" link in each country's page in the Country Snapshots pdf), calculate the average annual growth rate of real per capita GDP between 1980 and 2019 (or the year for which data is last available) for China, India, and the United States. If the countries were to continue to grow at these average rates into the future, approximately how many years would it take for their per capita GDPs to double?

3. Multinationals and Vietnam's Future Growth

A consulting firm hires you to write a report on the potential contribution of multinational corporations to the future economic growth prospects of Vietnam. This exercise asks you to use some of the tools you have learned in this course to start thinking about this project. Answer the following questions:

- (a) Using some of the resources from the previous questions, write a paragraph providing an overview of Vietnam's economy. How large is the economy (both population and per capita GDP)? How fast has it been growing in recent years?
- (b) In light of the Solow model, discuss briefly why Vietnam has been growing so rapidly. Is it plausible that this growth could be sustained for another decade? Why or why not?
- (c) Suppose multinationals were to immediately bring in additional capital amounting to 40% of the capital stock. By how much would you predict GDP per person would rise as a result of

this capital inflow? Over the 5-year period following the large capital inflow, would you expect Vietnam to grow more slowly or more rapidly than before? Why?

- (d) What else might multinationals bring to Vietnam? Would you expect this to be more or less important than the capital they bring? Why?

4. Reading the Minutes of the FOMC

The Federal Open Market Committee (FOMC) is the formal name of the group that meets every six weeks or so to set monetary policy in the United States. Immediately after the meeting, the FOMC issues a “statement” that consists of a few paragraphs summarizing its position. Then, three weeks later, the FOMC releases the “minutes” of its meeting. These minutes contain extensive detail about the issues that were discussed in the meeting.

Suppose your job is to explain Federal Reserve policy to the CEO of a corporation. Go to the following web page and read the minutes from the FOMC’s meeting on September 17-18, 2024. Then answer the questions below.

<https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

- (a) What action did the FOMC take, if any, regarding the level of the fed funds rate and the amount of quantitative easing? Why did it make these decisions?
- (b) Pick a paragraph or two from the FOMC minutes and quote it in your answer (so I know which paragraph you’ve chosen). Using the terms and concepts we’ve developed throughout the course, explain the economic consequences of the events in the paragraph(s) you’ve quoted. You do not need to analyze anything else in the economy; just focus on what you’ve chosen.
- (c) Pick one other thing that is mentioned in the minutes that you do not understand (for example, a term you are unfamiliar with). Do some research to discover its economic significance, and explain it in two or three sentences.