

ECO 313, Winter 2019, Required Homework Assignment #3
Due by the start of class on February 27, 2019

The Federal Reserve has been reducing the size of its balance sheet by up to \$50 billion per month. This represents a reversal of its Quantitative Easing programs following the Great Financial Crisis of 2008. Some policy makers, including President Trump, have criticized this policy and hinted that it threatening the ongoing economic expansion.

You are to write a 2-4 page memo on this topic. Your memo should: 1) briefly discuss the history and effectiveness of the Fed's QE programs; and 2) discuss whether or not the Fed's balance sheet reduction is slowing U.S. economic growth, and 3) recommend whether or not the Fed should alter its policy.

As always, provide references and data as appropriate.