

## **Econ 313, Winter 2024**

HW #4 due March 27

You are walking back to your room from Commons. You are high on life having eaten three bowls of Fruity Pebbles for dinner when a lone man approaches you. Much to your surprise, it is the Chairman of the Federal Reserve Jay Powell. Before you can speak he hands you a wad full of twenties and a note. It reads:

By Wednesday, March 27, you will supply the FOMC with a memo of no longer than 1000 words. If you complete the memo to our satisfaction, you can keep the cash. If not, we will use our \$8 trillion balance sheet to destroy you, and your mom, and your sister and your job and your [illegible]. Your memo shall:

- i. Briefly explain why the Fed took no action at its March meeting.
- ii. Explain whether the Fed is satisfying its dual mandate.
- iii. Describe under what conditions the Fed should cut or raise interest rates at its May meeting.