ECO 313, Fall 2026, Required Assignment #4

The December FOMC Meeting

This assignment is due on Friday, December 4 at 5 PM.

Instructions: It is Monday, December 7. The night is dark and rainy as you walk back to your dorm. A shadowy figure catches your eye. Fear grips you as the creature approaches. Then, much to your surprise, it turns out to be Fed Chairman Kevin Warsh. He appears to have been crying and smells of scotch. He speaks:

> Help me. We have a policy meeting starting tomorrow and I don't know what to do. Plus, my colleagues are going to kill me when they find out I bet the entire balance sheet on the Bates football team winning the NESCAC.

Help Kevin out by doing the following:

1. Take the October FOMC statement and adjust it for December to reflect what you believe the Fed *should* do.

2. Provide a brief rationale of no more than 200 words for your changes.