

# **Macroeconomics Final Project: Write an Economic Autobiography**

## **Instructions**

We are all the sum of our decisions; meaning who and where you are right now in life is the totality of all the decisions you made up to this point. And not only your decisions, as a child and minor the decisions of your parent(s) or guardian(s) also play a big role. The decisions of others like employers and the government affect you on an individual level. *And all these decisions can be influenced by the surrounding macroeconomic conditions.*

**Think about several key decisions that really influenced who and where you are today.** These can be decisions you made or decisions others made for you –some examples could be:

you deciding to: go to college, buy a car, move out of your parents house, buy a house, enter the work force, leave the work force, change careers, get married, to have children, etc...

your parents deciding to: have you!, move to a new house, open a new business, close a business, change your school, get a divorce, have more kids, change careers, leave the work force, etc...

an employer deciding to: laying off workers, hire workers, close, etc...

government deciding to: use stabilizing policy, go to war, expand a program, cut funding to a program, etc...

**Then write an "economic autobiography" detailing how macroeconomic conditions shaped the incentives involved in those decisions and how the decisions affected your life.**

## **Requirements:**

- a) Graph / timeline identifying pivotal decisions in your life and overlaying relevant economic data (see example at the end of this document)
- b) 4 pages of text (typed double spaced / not including graph)
- c) 4 outside /verifiable references (APA or MLA style) with in-text citations and a full works cited section.
  - These references must be 4 different, outside sources from verifiable sources; no blogs, and no wikis. Your textbook does not count as one of your required citations.

## Guided Assistance

To help you out I have laid out some steps you can take to think through your story. *They are just suggestions and you do not have to follow them with precision*, but it may help you generate the right questions to investigate.

### Step 1

Plan the outline of your autobiography. Do this by writing down key decisions that impacted who and where you are today (like the examples given in the instructions). Sometimes it helps to think about events and then think about the decisions that were involved in those events (going off to college, moving to a new house, a parent's unemployment, etc...). To help jog your memory try talking to family members, looking at old photos, looking at old documents, or digging up old possessions. Create a timeline indicating these pivotal decisions in your life, from birth to the present day. Tip: It helps to do the graph requirement now, to help frame the rest of your research. See the graph example at the end of this document.

### Step 2

Research the state of the U.S. economy around the times of the pivotal decisions in your life. *(if you were not born in the U.S., research the state of the economy for the nation which you were born in)* You can find this information by reviewing government websites that provide historic data, reading archives of Government and Federal Reserve reports, reading archives of newspapers, magazines, or other publications, and/or talking with family member who are old enough to remember the events of that time. Tip: See the suggested websites later in this document for good research sources.

As you research, investigate questions like:

- What part of the business cycle was the economy in at the time? Was the economy growing or contracting?
- Was the economy at full employment or was there high unemployment?
- Was inflation low and stable or was there high inflation (or deflation)?
- Were interest rates high or low?
- Were there rapid changes in technology and rapid productivity gains?
- Were there any aggregate demand shocks or real shocks being experienced?
- Were there any crises going on at the time? Housing? Banking? Stock Market?...

### **Step 3**

Research the ways in which the Federal Government and the Federal Reserve were involved in the national economy, and any major economic issues facing the government around the times of the pivotal decisions in your life. You can find this information by reading archives of Government and Federal Reserve reports and reading archives of newspapers, magazines, or other publications.

*(Students born outside the U.S. may have a hard time finding old government reports, but you should still be able to read archives of newspapers or publications).* Tip: See the suggested websites later in this document for good research sources.

As you research, investigate questions like:

- Were there any significant fiscal policies being implemented?
- Were there any significant monetary policies being implemented?
- Were there any major trade policies being implemented?
- Were there significant policies being implemented that would impact long term economic growth?
- Were there significant labor market policies that may have affected structural unemployment?
- Were there any significant institutional changes occurring at the time?
- Were there any national debt issues at the time?
- What macroeconomic school of thought were the policy makers at the time following (Keynesian, Classical,...)?

### **Step 4**

Research the economic situations that your family was facing around the times of the pivotal decisions in your life. The situations may be positive or negative. You may have to acquire some of this information by talking with family members and friends who were around at the time.

As you interview your family members and friends ask them questions like:

- Who was the primary income provider at the time and did he/she have a stable job?
- Was the primary income earner's occupation cyclical or countercyclical?
- If the primary income provider was a business owner, was business profitable or unprofitable?
- Was household income adequate to cover all the family's expenses at the time?
- Were household expenses stable or were they rising rapidly?
- Were there any emergency expenses that your family had to pay for at the time?
- Was the family housing arrangement adequate for the family at the time?
- Were there any particular money related issues that were putting significant stress on the family?
- Were there any monetary windfalls enjoyed by your family at the time?
- What type of "safety net" did the family have to weather rough times?

### Step 5

Think about how the economic environment described in parts 2-4 affected the pivotal decisions in your life, the time in between those decisions, and present life position. To do this think about how parts 2, 3, and 4 relate to one another, and how the economic conditions that resulted created the experiences that make up who you are today.

As you reflect on this ask yourself questions like:

- How did the economic environment affect the opportunities I had available to me?
- How did the economic environment affect the cost and benefits of my decisions?
- How did the economic environment affect my relationships with my family members and friends?
- How did the economic environment shape my preferences (likes and dislikes)?
- How did the economic environment influence my core beliefs; for instance how I see myself, how I see other people, how I see the world?

### Step 6:

Put it all together and write your economic autobiography. First add the relevant economic data and economic events to your timeline created in step 1 (see example at the end of this document). There should be at least 1 data series overlaid on the timeline. **Then write about how macroeconomic conditions shaped the incentives involved in those decisions and how the decisions affected your life.**

Remember the key thing here is the economics behind the story. While it may be interesting, just telling me your life story will not be sufficient for this project. You have to explain how the economic environment and the economic policies of the time impacted your life story. And remember I am ultimately evaluating your knowledge of Macroeconomic principles so be sure to use the concepts, theories, models, and vocabulary from class whenever possible.

## Tips to Remember

Over the past few semesters of using this assignment I noticed some common problems in students' work. Below are some tips to help you improve your paper.

- It's not expected that you explicitly considered the macroeconomic conditions when you made your decisions (do you want to have kids, I don't know, let's check the CPI). The point is that they affect your decisions without you realizing it. Try to identify the hidden economic forces that resulted in one decision over another.
- If you talk about interest rates or an interest sensitive industry, like student loans, housing, or auto, you should talk about the monetary policy of the time, the federal funds rate, and inflation expectations (as they affect the nominal interest rate – see Fisher effect).
- If you cite an old price or wage you should express it in both original dollars and real 2014 dollars. For example you might say “in 1985 my father found a job making \$10 an hour, which would be equivalent to \$21.16 today.” You can use this webpage to easily convert prices/wages to real 2014 dollars: [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm).
- Don't rely solely on singular economic events like a change in oil prices, a war, or a recession to explain incentives. Also consider the long term economic forces at work behind the scenes including technology (productivity) changes, globalization, and policy that affect long run growth (and the institutions that foster these forces).
- Even if nothing seemed to happen, and life just coasted on with no interruptions, you need to offer an explanation as to why there was such stability. In other words why did your household experience stability even when the economy did not? There have been at least 2 recessions during your lifetime. Why were you able to weather them so easily? What decisions did your parent(s) make earlier in life that gave them this protection.
- Use economic vocabulary whenever possible. And reference economic theories by name when relevant.
- Don't write your paper in 5 separate sections, like the ones identified above. Those are just for your research. Write the paper as one fluid story, your story. But as you tell your story explain how macroeconomic forces and government policy impacted the outcomes along the way.

## Websites for your use

Below are several website that can help you research for your project. Always remember that the college library grants you access to a large collection of research tools. Be sure to check them out as well.

<http://research.stlouisfed.org/fred2/> database of lots of current and historic economic data. Best source for the required graph.

<http://www.bea.gov/> find current and historic GDP data (use interactive tables)

<http://www.bls.gov/> find current and historic Unemployment and inflation data

<http://www.nber.org/> find business cycle dates (click data then business cycle dates)

<http://www.cbo.gov/doc.cfm?index=11766&zzz=41113> find current and historical data of the federal debt

<http://www.economagic.com/> another searchable database of economic time series data

<http://www.minneapolisfed.org/bb/> beige book archive (back to 1970). The beige book is the Federal Reserves summary of economic conditions

<http://fraser.stlouisfed.org/publications/ERP/> Economic Report of the President archive with good summaries of economic conditions

<http://www.imf.org/external/datamapper/index.php?db=FM> find current and historic international data, and easily create graphs. (good for international students)

<http://data.worldbank.org/> another source for current and historic international data. (good for international students)

<http://news.google.com/archivesearch> google's new archive search engine

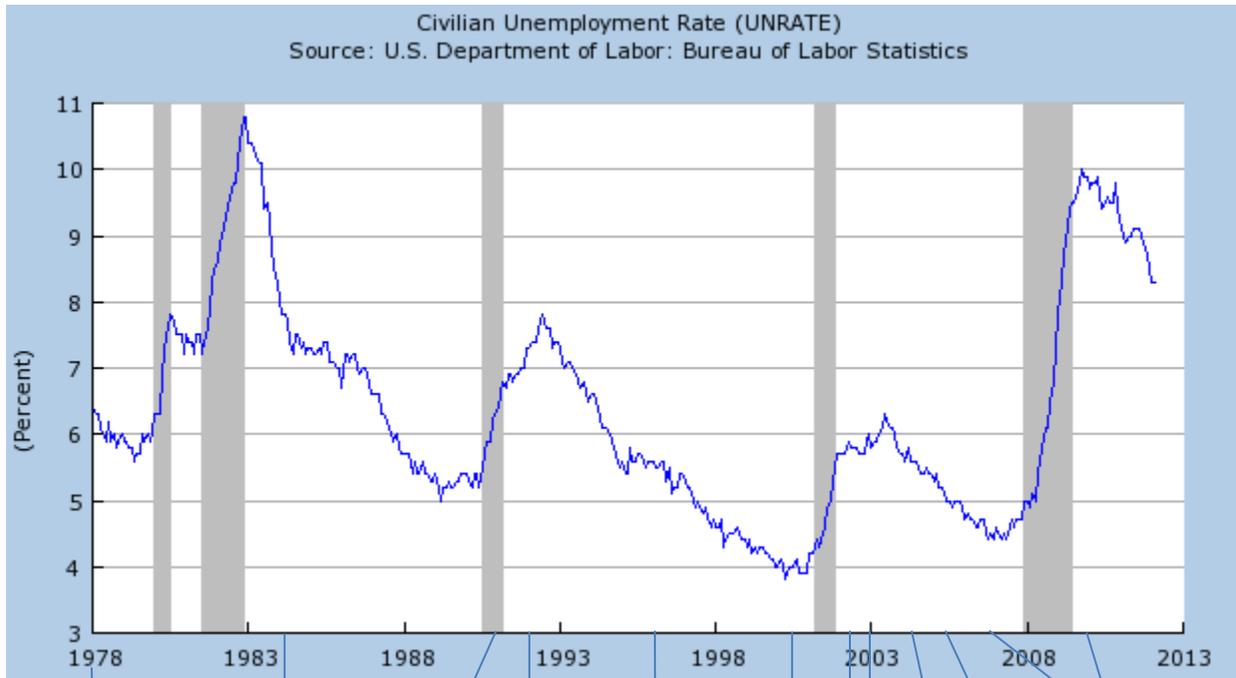
## Sample Graph

One of the requirements of this project is to create a graph that shows your timeline and at least 1 relevant economic data series. Below is an example of what I mean. It shows my timeline and unemployment rates over that timeline. I selected unemployment because that was most relevant to my story. But it may be something different for you (maybe inflation or the federal funds rate). I recommend you use a website that generates graphs for you. I used <http://research.stlouisfed.org/fred2/> for the graph seen here. But [www.bls.gov](http://www.bls.gov) and [www.bea.gov](http://www.bea.gov) also let you create graphs for most of their data sets (without having to download the data and make your own excel graph). Another site to consider is <http://www.economagic.com/>. It houses a lot of time series and you can easily copy and paste the graphs. Foreign born students can use the IMF's data mapper at <http://www.imf.org/external/datamapper/index.php?db=FM>. Just remember to cite the webpage you copy the graph from. After creating the graph I pasted it into powerpoint and then added the labels on top by inserting textbooks and lines (other programs can do the same thing).

Sample graph on next page:

Example of Graph Timeline:

Note: I put 11 points on my graph, far more than I expect you to talk about in your 4 page paper. I did that to illustrate more examples. There is no required amount of decisions to discuss. But if your paper covers around 3 - 5 decision, that should be good.



- Decision: parents decide to have me (Born 1978)
- Decision: parents decide to send me to private grade school (1984)
- Decision: father's employer (construction company) goes out of business. (1991)
- Decision: parents decided no more private school. Started public high school (1992)
- Decision: I decide to go to college - start at UF (1996)
- Decision: I decide to take bachelor's degree and enter workforce- Graduated UF (2000)
- Decision: I decide to get married and go back to college (2002)
- Decision: wife and I decide to move to MI (2003)
- Decision: I decide to take master's degree and start career in higher education Graduated UM (2004)
- Decision: Wife and I start having kids (daughter born 2007, son 2009)
- Decision: I decide to take full time job at HFC (2005)