PARTICIPANT INSTRUCTIONS

1. You have twenty minutes to review the case presentation.

2. Presentation time is seven minutes. At six minutes the timekeeper will stand and at seven minutes the timekeeper will stand and hold up a colored card indicating time is up.

3. Each team member will be given two note cards. The note cards will be collected upon completion of the presentation. You (students) are a group of economic advisors hired to make fiscal and monetary policy recommendations to the governing authorities of Sampson.

4. The judges serve as the governing authorities of Sampson.

5. The judges will interact and ask questions throughout the presentation, as they assume the roles of government officials seeking to solve the country's macroeconomic problems.

6. All members of the team must participate in the presentation, as well as answer the questions.

PERFORMANCE INDICATORS

- What would be the appropriate fiscal policies (taxes and spending) given the current economic situation? Be specific about what taxes you might increase or decrease or how you might want to increase or decrease government spending. What problems might your recommendations best address? Why?

- What types of monetary policy might be best for addressing the current situation? What problems might your recommendations best address? Why?

- Your goal is to come up with a plan that both political parties might agree to, and assume both realize that some compromises will be necessary. You are free to make assumptions about certain features of the economy, such as agricultural subsidies are out of control, the current tax rate is unfair (define fairness), etc.

CASE STUDY SITUATION

The country of Sampson is a major industrialized nation that has just finished a national election that has resulted in the president being a member of the Progressive party and the parliament being almost evenly divided between Progressives and Conservatives, with a slight edge leaning toward the Conservatives. The president and parliament share power equally and neither can accomplish much without the other’s cooperation.

The country faces several economic dilemmas. Currently the national debt is about 80 percent of GDP and growing as evidenced by a budget deficit that is 30 percent of total government spending. The economy is stagnant, with little economic growth. Unemployment continues to hover around 9 percent month after month. To keep interest rates low, the central bank has
been expanding the money supply by over 20 percent a year and the inflation rate is over 10 percent and rising.

To address these economic issues, the Progressives have called for significant tax increases, the nationalization of key industries, and a massive stimulus program. The Conservatives are arguing for lower taxes and significant cuts in government spending. They also want to see the growth rate of the money supply reduced.
JUDGING THE PRESENTATION

1. This is a role-playing event with a group of economic advisors (the students) hired to make fiscal and monetary policy recommendations to the governing authorities of Sampson. All judges will play the role of the governing authorities, seeking advice from the advisors.

2. Review the Judges’ Instructions and the Case Study Situation.

3. After introductions, the participant team will begin providing you with feedback and information on how to deal with the current situation.

4. This is an interactive event, so treat the presentation as a conversation. Each of the members of the team should provide some feedback and guidance. The time allowed is seven minutes for the conversation. At six minutes the timekeeper will stand and at seven minutes the timekeeper will stand and hold up a colored card indicating time is up.

5. Feel free to ask other questions to the team throughout the presentation.

6. You will close the event by thanking the participants for their input.

7. Complete the rating sheet.

JUDGES’ INSTRUCTIONS

You (judges) are to assume the role of governing authorities of Sampson. The country of Sampson is a major industrialized nation that has just finished a national election that has resulted in the president being a member of the Progressive party and the parliament being almost evenly divided between Progressives and Conservatives, with a slight edge leaning toward the Conservatives. The president and parliament share power equally and neither can accomplish much without the other’s cooperation.

The country faces several economic dilemmas. Currently the national debt is about 80 percent of GDP and growing as evidenced by a budget deficit that is 30 percent of total government spending. The economy is stagnant, with little economic growth. Unemployment continues to hover around 9 percent month after month. To keep interest rates low, the central bank has been expanding the money supply by over 20 percent a year, but the inflation rate is over 10 percent and rising.

To address these economic issues, the Progressives have called for significant tax increases, the nationalization of key industries, and a massive stimulus programs. The Conservatives are arguing for lower taxes and significant cuts in government spending. They also want to see the growth rate of the money supply reduced.
KEYS TO THE PROBLEM

- What would be the appropriate fiscal policies (taxes and spending) given the current economic situation? Be specific about what taxes you might increase or decrease or how you might want to increase or decrease government spending. What problems might your recommendations best address? Why?

There are no easy answers in this situation. Students should recommend specific types of tax law changes: national sales tax, increase income taxes (on everyone or only a portion of the population), tax reform, etc. For spending changes, what should increase or decrease, should some programs be eliminated or expanded, etc.

- What types of monetary policy might be best for addressing the current situation? What problems might your recommendations best address? Why?

While typically expansionary monetary policy is recommended during a slack economy, the rapidly expanded money supply might take this suggestion off the table. To address the inflation problem, reducing the rate of growth in the money supply would appear to be the appropriate recommendation. For creativity, the students might be asked what tools they would recommend (higher interest rates, higher reserve requirements at banks, or selling government securities).

- Your goal is to come up with a plan that both political parties might agree to, and assume both realize that some compromises will be necessary. You are free to make assumptions about certain features of the economy, such as agricultural subsidies are out of control, the current tax rate is unfair (define fairness), etc.

Here the presenters should be given broad latitude in what they assume the particulars are about the economy. If they are vague on certain factors have them explain these more fully.

There is no right or wrong answer to the event. However, if a team event, the ability of the team members to work together to come to a consensus, based on the facts provided (and those that you care to add) should be the basis for the score. The individual or team should present its suggestions with clarity and conviction.

Feel free to enhance the story as much as you want, but if you enhance it for one, make sure you enhance it for all the groups.