

# **Student Preparedness Incorporated into the Course Design**

Lilly-Asheville 2019

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## **Sample Class Preparation Assignments (CPAs)**

**Economic & Business Statistics CPA 1  
for Tuesday, January 15**

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**Name**

Read the Course Syllabus (handed out in class & posted on Canvas), and Freedman, David, Robert Pisani, & Roger Purves, "Chapter 1: Controlled Experiments" & "Ch. 2: Observational Studies," in *Statistics*, attached as a pdf along with CPA1 on Canvas.

**ECO 391 Syllabus**

1. Which of the intended student learning outcomes most appeals to you? Briefly explain why?
2. How could the Class Preparation Assignments (CPAs) increase the depth of your learning of economic and business statistics? Next, how could the CPAs make class more exciting?
3. What do you have to do to earn credit for a class preparation assignment (CPA)? What grade will you get in the course if you get 100% on the three exams and the group regression project, but earn credit for only 18 CPAs?
4. What individual grade on the group regression projects will you get if your overall group project grade is 78 out of 84 and your individual-contribution multiplier from peer evaluation is 90%?

**Freedman, Pisani, & Purves Chapters on Controlled Experiments & Observational Studies  
Controlled Experiments**

5. **Salk Vaccine Field Trial.** Why not give the Salk vaccine to a large number of children in 1954 and compare the national incidence of polio in 1954 to the national incidence in 1953 or 1952?

6. **Salk Vaccine Field Trial** continued. Why not give the Salk vaccine to all children in 1954 in the involved school districts and grades whose parents would consent and compare their incidence of polio to the children whose parents would not consent? Alternatively, why not give the vaccine to all second-grade children in the involved school districts whose parents would consent and leave the first and third grade children as the control group (National Foundation for Infantile Paralysis design)? (I see two problems.)
  
7. **Salk Vaccine Field Trial continued.** Why give the children in the control group a placebo? Why keep the diagnosticians blind as to which kids received the Salk vaccine?
  
8. **The Portacaval Shunt.** What caused the portacaval shunt to appear to do better in the experiments without randomized controls?

#### **Observational Studies**

9. **The Baltimore Housing Study.** The purpose of the study was to examine the effect of what on what? What was the treatment? What two confounding factors occurred?
  
10. **The Baltimore Housing Study.** How should the study have been done to lessen or eliminate the confounding factors?
  
11. **The Baltimore Housing Study.** Observational studies have what special problem compared to controlled experiments?

Read in the Hubbard/O'Brien/Rafferty text Ch. 3, pp. 74-87.

**Ch. 3, Section 3.2, Financial Crises, Government Policy, and the Financial System**

1. **Financial Intermediaries and Leverage.** Great stuff here on financial leverage. What is the major idea in this section that you learned? Why are banks highly leveraged and why can a highly leveraged bank have its net worth (bank capital) wiped out by a relatively small decline in the prices of its assets?
2. **Bank Panics.** When banks experience a bank run, why do they face a *liquidity problem*? Next, why may a bank that was forced to sell its assets during a bank run become *insolvent*? Next, how can bad news about one bank snowball and affect healthy banks? Lastly, what is the key insight in the last four to five sentences?
3. **Government Policies to Deal with Bank Panics.** Summarize briefly from the first paragraph the downward spiral between a bank panic and a recession. As lender of last resort, how is the Federal Reserve supposed to help banks during a bank panic?
4. **The Financial Crisis of 2007-2009.** What is the major point?
5. **The Mortgage Market and the Subprime Lending Disaster.** Tell me something important from this section that you learned.
6. **Runs on the Shadow Banking System.** What caused BNP Paribas to not allow investors in three of its investment funds to redeem their shares? Next, how had some investment banks funded long-term investments? **During the financial crisis, how were these investment banks subject to a bank run?** Lastly, why did the bankruptcy of Lehman Brothers lead to a run on money market mutual funds as investors cashed in their shares?
7. **Government Policies to Deal with the Financial Crisis of 2007-2009.** Choose one of the key actions (new policies) that the federal government took during the financial crisis of 2007-2009 and briefly explain why it would help the financial system or economy. Next, state one thing that particularly struck you about the Dodd-Frank Act.
8. **Government Policy Toward Failing Financial Firms: "Bailouts" and Moral Hazard.** What is the argument on why the federal government should "bailout" financial firms, particularly during a financial crisis? Alternatively, what is the argument on why the federal government should not "bailout" financial firms?
9. **Making the Connection: Fed Policy During Panics, Then & Now: The Collapse of the Bank of United States in 1930 & the Collapse of Lehman Brothers in 2008.** What do you think of how the Fed did during the Great Depression as a lender of last resort? Briefly support your answer. Next, in retrospect, do you think that the Fed wishes it would have saved Lehman Brothers? Briefly support your answer.