Federal Reserve Bank of Chicago

Academic Advisory Council Meeting Agenda

April 21, 2023
10:00 a.m. – 2:00 p.m. CDT

We will follow a model similar to our recent meetings, with the discussion organized into blocks. We will first go around the participants in the block to give a few comments on the questions they selected (please keep these remarks to 10 minutes per speaker); please feel free to comment on a different block's topic, too, if you are interested. At the end of each block's go-around, we will have some time for Q&A and discussion by the entire group.

The meeting follows Chatham House rules – particulars of the communications guidelines are at https://www.chicagofed.org/people/academic-advisory-council.

AGENDA

10:00 – 10:10	**Welcome and introductions**
10:10 – 10:40	**Finance** Randy Kroszner, Anil Kashyap
10:40 – 11:10	**Labor Markets** Karin Kimbrough, Rob Shimer
11:10 – 11:40	**Growth and Inflation Outlook** Jan Hatzius, Matthew Shapiro
11:40 – 12:00	**Debt Ceiling** Alan Auerbach
12:00 – 2:00	**Lunch and Monetary Policy Discussion**

Members of the Panel

Alan Auerbach	University of California, Berkeley
Jan Eberly	Northwestern University
Jan Hatzius	Goldman Sachs
Anil Kashyap	University of Chicago
Karin Kimbrough	LinkedIn
Randy Kroszner	University of Chicago
Matthew Shapiro	University of Michigan
Rob Shimer	University of Chicago

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Austan Goolsbee
Dan Aaronson
Gene Amromin
Jonas Fisher
Francois Gourio
Bart Hobijn
Spencer Krane
Leslie McGranahan
Anna Paulson
Ellen Rissman
Dan Sullivan
Marcelo Veracierto

Discussion Questions

Labor:

How do you think the balance between labor supply and labor demand has evolved since we met last November? How far from balance do you think they are now? What has surprised you the most about labor market developments over that period?

How do you interpret the decline in vacancies – either from JOLTS or alternative private sector sources – that we have seen in recent months? Do you think earlier elevated vacancies were all "real," or do you think some employers were being casual at postings because they knew they weren't going to be able to hire many workers anyway?

What have we learned about work-from-home in recent months – what appears to have been ephemeral and what appears to be sticking? How has your thinking evolved about the effects of work-from-home on productivity, wages, and competition for workers?

Economic Activity:

What is your projection for growth over the next two years? What do you see as the biggest risks – both upside and downside?

In the most recent Blue Chip panel, the consensus was for little change in GDP in 2023:Q2-Q4. How likely is it that the economy could have zero growth over this period without slipping into an outright recession?
What is your outlook for real estate markets – residential, industrial, office, and commercial? Have the markets' reactions to higher interest rates been in line with your expectations?

Inflation:

What are your views about the lead-lag relationships between labor costs and prices?
Do you think there have been any changes in "underlying" inflation or inflation expectations that will make the Fed's job more difficult?

Can tighter credit conditions be inflationary (at least initially)? We're thinking about the old "Patman effect" that says the pass through to customers of higher financing costs will raise prices until the effects of weaker aggregate demand take hold in the economy. Do you think the Patman effect is a relevant issue today? If so, is there any material difference between the effects of tighter credit conditions coming from monetary policy moves vs. coming other sources?

Finance:

Will the recent events in the banking sector lead to a meaningful credit crunch? What indicators should we be concentrating on to gauge if credit supply is contracting due to these disruptions? How serious of a fallout do you see for the real economy?

What are your views on the actions taken by Treasury, the FDIC, and the Fed in the aftermath of the runs on SVB and Signature? Do you think the turmoil is now contained? What, if any, further actions do you think the Fed/FDIC/Treasury should take to safeguard the banking system?

What are the most important vulnerabilities in the financial system highlighted by these events; what might be the next shoe to drop? How would you address these concerns? What should we be monitoring?

Monetary policy:

The March SEP has the fed funds rates ending 2023 at 5.1 percent and only coming down to 4.3 percent at the end of next year. Market expectations (as of 4/10), see rates around 4-1/2 percent at the end of this year and about 3 percent at the end of 2023. Which rate path would you be betting on right now and why?
How would you rate Fed monetary policy communications over the past 6 months? What would you do differently?

Should the Fed reconsider the rate at which it shrinks its balance sheet given recent economic data and signs of fragility in the banking system? How should considerations about the size of the balance sheet be tied to or disconnected from decisions about the target fed funds rate?

Fiscal policy:

What do you think will happen with the debt ceiling showdown? What economic effects – both immediate and longer term -- do you foresee if the Federal government were to default?