Rutgers News

Rutgers team vies in Fed contest

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RUTGERS UNIVERSITY — They were midway through the carrot cake when James Williamson — Louisville, Ky., native, Rutgers junior, economics major — assumed his role as chairman of the Federal Open Market Committee and raised interest rates by a quarter point.

He sat surrounded by the Federal Reserve System governors — played by a handful of economics majors and Fed enthusiasts from around the Rutgers colleges — at a table covered in type-written speeches, an unused iPod and a Tupperware container filled with cookies from their coach’s wife. The governors waited patiently for their turns to speak in favor of the rate increase, while a teammate kept time on his cell phone.

It was the final practice before the big day — today — when the members of the Rutgers Fed Challenge team

bring their speeches, PowerPoint presentations and minds saturated with economic indicators to New York City for the final rounds of the 2nd District College Fed Challenge.

If they win today, the team will earn a trip to Washington D.C., and a chance to avenge last year’s national championship final, where they were edged out of a victory by one point.

“It was a good experience,” Williamson said with a heavy sigh Tuesday night, recalling their defeat by Northwestern University. “Sorry we lost.”

This year’s team includes an industrial-engineering major who’d joined the club partly out of desire for revenge, an economics major who’d calculated the activity’s likely effect on his grade-point average, and, Williamson, who began the Fed Challenge in high school at the suggestion of a football coach who, as he put it, didn’t have much else to do in the off-season.

Winning can mean thousands of dollars for the team and the university department that sponsors the team — not to mention pride.
"They have a better record than the football team, yet they get less funding," Rutgers-Newark junior Andrew Verdon — a member of another team that didn't make the semifinals — observed, repeating it a couple times for added emphasis.

They'll have a 20-minute presentation, meant to mimic a meeting of the Federal Open Market Committee — a part of the Federal Reserve Bank — and 15 minutes of answering questions, to keep up that record.

Sponsored by the Federal Reserve Bank, the college challenge, now in its fourth year in this region, is intended to teach students about the Fed by putting them in the shoes of policymakers, said Lloyd Bromberg, director of education services at the Federal Reserve Bank of New York.

The college program grew out of a high school competition Bromberg started in 1995, hoping to capitalize on the attention the Fed had garnered during the flush economic times.

It's also intended to make the Fed more transparent, he said. The Fed's actions should be predictable and unlikely to disrupt markets, he said, meaning that key decisions — such as what to do about interest rates — should not be difficult to discern for those with some knowledge of the economy.

Which was not a major problem for Williamson and the rest of the team, all but one of whom are economics majors.

With two days to go before the district semifinal and final, they spent Tuesday night tweaking their presentation, updating their speeches with the most recent economic news, and plotting ways to appease the gods of superstition. Their faculty sponsor, Economics Professor Jeffrey Rubin, for one, had recommended wearing the same clothes they wore for their last victory.

They discussed that day's speech before the U.S. Senate by Ben Bernanke, the nominee for the chairmanship of the Fed and a former high school Fed Challenge judge.

And they worked on appropriate answers to questions that might be posed.

Noting that Fed Chairman Alan Greenspan had offered differing views on Social Security years ago, senior Ed Herbst noted, "Yeah, he's pretty much two-faced."

"Yeah, you probably don't want to say that," Rubin replied with a smile.

Junior Jagann Pisharath worried that the morning's economic figures, reporting increased consumer confidence and retail sales, made his speech outdated. Rubin suggested wording changes that avoided more major revisions.

Pisharath of North Brunswick said his work on the Fed Challenge does not necessarily enhance his schoolwork, particularly now that it's been taking up most of his time lately. But he's not worried; he calculated how it might affect his GPA.

"I think it'll be better than expected," he said, speaking like the economics major that he is.

The lone noneconomics major on the team, Ravi Bharadwaj got his start while in high school. A friend made a comment about Alan Greenspan that was "totally wrong," he said.

"I pointed it out, and he said, 'I'm in an economics club. You should totally join,' " the Westfield native recalled.

Bharadwaj benefited from the club when he got to Rutgers, having applied for a Fed Challenge scholarship, which Rubin said was created with some of the money the team won in the past.

And one-upmanship still drives the college sophomore. Several of the students whose
team beat his in high school now attend Columbia University, and Bharadwaj was looking forward to crushing them in the college competition.

Columbia didn’t make it to the semifinals. But that won’t stop Bharadwaj or the rest of the team. With any luck — or, perhaps, with the proper answers to questions on energy costs and foreign investment trends — they’ll be busy dispatching their opponents today, and on to the elusive national crown.