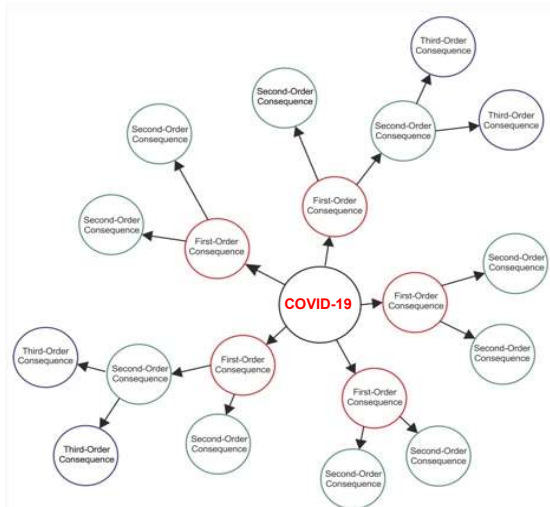


Forecasting the Economic Consequences of COVID-19 Using a Futures Wheel

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COVID-19 along with the ensuing pandemic response was unexpected and unprecedented. The medical response from hospitals to social distancing was to be expected. The health consequences were estimated and both institutions and individuals reacted to contain the spread of the virus. The economic consequences early on were not well understood, but, nonetheless very real. Economic prediction is difficult, especially about the future. However, is there a way to envision the future and thereby create the future?

Our assignment utilizes a future wheel to help students conceptualize the economic consequences of the COVID-19 event at three levels, local, national and international. A futures wheel considers the impact of a central event, in our case COVID-19. Using brainstorming techniques with existing knowledge, student groups will identify possible direct and indirect consequences of COVID-19 on markets and economic activity. The consequences are diagrammed using a hub and spoke wheel. The wheel allows students to identify economic policy actions that will mitigate the consequences which are negative and also identify how to take advantage of any consequences which are positive. A futures wheel is a tool to imagine and create a future that is desired.

The futures wheel can be incorporated into any level economics course. The wheel can be used in upper-division courses for a more specific policy analysis discussion and evaluation. The wheel is useful in conceptualizing data driven research inquires and economic forecasting models. However, we are primarily using the exercise in our Principles of Macroeconomics and Principles of Macroeconomics classes.

Students at the principles level become more engaged when they can utilize economic reasoning to map economic connectivity of COVID-19. The simplicity of a futures wheel acquaints them with a simple, yet, effective qualitative forecasting technique. Students identify changes in consumer sentiment and demand, supply chain impacts, labor market dislocations, changes in cost, price, quantity, revenue and profit, the effect on different industries, entrepreneurial versus established firm resiliency, impending bankruptcies, declining stock market influence on wealth, confidence and spending, ease of travel domestically or cross-border, international trade and retirement plans.

The policy actions include a central discussion around the role of government in the times of economic crisis. The conversations well illustrate the dilemma most any action imposes on economic freedom. Monetary and fiscal policy responses are discussed along with the pros and cons relating to topics such as easy money, negative interest rates, stimulus checks, forgivable business loans, deficit spending, debt accumulation, and international trade policy. The policy actions are also an excellent mechanism to identify more in-depth term papers or data based research topics.

We find that the students engage this project in both the cognitive and affective domains. Because each student is familiar with this historic event at a very personal level, the connections made to economic reasoning are more concrete, meaningful and result in greater comprehension of economic theory. By engaging the topic at an applied emotional level, student satisfaction with the course increases as well.

Use this URL or QR code for Futures Wheel Resources!

<http://bit.ly/AEAFuturesWheel>

