1. Course Description

1.1. Overview. The goal of this course is to develop (1) analytical skills to understand modern macroeconomics and (2) writing skills to compose a solid research paper. The topics cover asset pricing, the banking sector, fiscal policy, monetary policy, and bond markets (term structures). The course reviews recent financial and monetary data and places a special focus on analytical frameworks (economic models) to interpret the data. All the materials provided in this course equip students with tools to solve economic problems, coherent frameworks to conduct independent research, and analytical skills to write a scholarly paper.

1.2. Prerequisites. Econ 201, Econ 212, multi-variable calculus, linear algebra, and introductory econometrics (or Econ 220 or Econ 221).

You must be capable of identifying and organizing the time series and panel data relevant to the topic of your research paper. Moreover, proficiency with Excel and familiarity with a statistical package such as Stata, R, or Matlab is required.

2. Honor Code

The honor code is in effect throughout the semester. By taking this course, you affirm that it is a violation of the code to cheat on exams, to plagiarize, to deviate from the teacher’s instructions about collaboration on work that is submitted for grades, to give false information to a faculty member, and to undertake any other
form of academic misconduct. You agree that the teacher is entitled to move you to another seat during examinations, without explanation. You also affirm that if you witness others violating the code you have a duty to report them to the honor council.

3. Steps for Writing a Solid Scholarly Article

Writing constitutes constant revisions: not simply editing but constantly revising the parts of the paper or even overhauling the whole to ensure its accuracy, clarity, and coherence. Writing is a recursive process that involves

- generating ideas,
- formulating a concrete question or a central issue the paper intends to address,
- organizing a thesis or hypothesis (a theoretical framework),
- analyzing data and providing empirical evidence to support key arguments,
- drawing relevant implications and conclusions, and
- drafting, revising, and editing the paper that “should conform to the highest standards of correctness in grammar, spelling, punctuation, and usage.”

To make this process efficient you should, sequentially, take the following steps: write an outline, a proposal, a framework designed to address the central issue, key arguments, and empirical analysis in supporting arguments. Each of these steps requires critical thinking and careful planning. During the process of writing and rewriting, please take advantage of resources by consulting the TA as well as Writing Center tutors.

4. Model Papers

The following two model articles will be reviewed and discussed in class:


5. Data and Resources

- FRED: https://research.stlouisfed.org/fred2/.
• Emory resources: http://edc.library.emory.edu/. Contact person: Robert O’Reilly, Ph.D., Electronic Data Center, Woodruff Library, roreill@emory.edu.

6. Grading

The final grade is based on in-class tests (50%) and a term research paper (50%).

• There are 10 in-class tests. You have 25 minutes to complete your answer for each test. Test days are chosen randomly without advance notice. Only 8 tests with the highest scores are used toward your final grade. If you miss class when a test is given, you will receive no credit for that particular test. This rule allows you to miss up to 2 tests during the semester. No make-up test will be given under any circumstances.

• The length of a term research paper must be between 5 and 10 pages (double-spaced, 12-point font), excluding tables, graphs, references, and the title page that contains an abstract. There is no restriction on the number of pages for the tables, graphs, and references. The paper must have a succinct abstract.

7. Optional Textbooks


8. Other References

You may find the following references useful.

• The Federal Reserve Bank of Atlanta: Author’s Guide.


• Adrew B. Abel, Ben S. Bernanke, and Dean Croushore (2008), Macroeconomics (Pearson Addison Wesley, 6th edition).

• Various articles, lecture notes, and slides (to be stored in Dropbox).
9. Topics

Extensive lectures on each of the following four topics will be provided.

(1) Asset pricing—a two-period model (Chapter 1, Cochrane 2001).
(2) Credit spreads and fiscal policy—a two-period simple general-equilibrium model (the article to be distributed).
(3) Understanding the bond market and the term structure (slides and articles to be distributed; see also Stigum and Crescenzi (2007)).
(4) Introduction to understanding the current financial crisis and the role of monetary and fiscal policies (slides to be distributed).

These lectures aim to develop your analytical skills and critical thinking. All in-class tests are based on lecture notess.

10. Additional Teaching Materials

There will be two short turn-in problems to be solved in Stata or R. The two assignments will not be graded but you will receive extra bonus points up to 5% of your total credit, depending on how well you complete these assignments. The assignments will be based on the following additional materials (to be taught in computer lab sessions during the class time):

- A review of data management:
  - how to retrieve data from various sources;
  - how to read data from Matlab or R or Stata;
  - how to store and stack regressors (right-hand-side variables) in a matrix form;
  - how to use “for loops” in programming; and
  - how to graph time series.
- A brief review of basic statistics and especially time series:
  - how to interpret results produced by a statistical program;
  - how to deal with time series data; and
  - how to provide a clear economic analysis.

11. Deadline for Turning in Your Proposal

You are required to turn in a one-page proposal for your research paper; the proposal is due on April 4, 2016 (Monday), before the class begins on that day. The TA will review your proposal and offer advice on how to improve it. Proposals will not be graded. It is essential, however, that a proposal be written to form a solid base
for a research paper. A good proposal will receive extra bonus points up to 5% of your total credit. *Proposals turned in later than the deadline will not be reviewed.*

12. **Deadline for Turning in Your Term Paper**

Your completed research paper is **due 4:00pm on May 2, 2016 (Monday).**

Hand in your paper to Marie Browne in Room 306 of Rich Building. Any paper turned in later than 4:00pm on May 2, 2016 (Monday) will receive zero credit. **No exception will be made.**

13. **Instructions for Writing a Scholarly Paper**

The paper will be graded based on substance and expository clarity. Check spelling and grammar before submission.

- The paper must be typed and double-spaced, with a font of 12 points (except for the title and abstract page, see below).
- The paper must contain the following sections and the order of sections must be the same as listed below. A number in parentheses indicates a percentage of the credit allocated to the paper.
  1. Abstract (10%). A brief synopsis of the paper, not to exceed 200 words, placed in the title page (11 point font and 1.5 line spacing). The rest of the paper should begin with a new page and should be typeset with 12-point font and double-spaced.
  2. Introduction (20%). What question does the paper try to answer? Why is the question important? What has been done in the literature? What is the unique contribution of your paper? In addition, explain briefly (typically in a short paragraph at the end of the introduction section) how the rest of the paper is organized.
  3. Survey of the relevant literature (5%). Summarize the key articles relevant to your topic and ideas. In some cases, you may combine this section with the introduction.
  4. Clear description of your contribution (15%). If the paper focuses on empirical analysis, this section should bear a title such as “Data and Methodology,” and should describe the sources of the data and the statistical or economic methodologies used to analyze the data. If you are proposing a theoretical model, this section should have a title such as “The Model,” and should give the details of the model’s structure and solution methods.
(5) Summary of results (15%). Present the main results for the paper. The presentation should be so precise and clear that your results can be replicated.

(6) Development of key arguments (15%). This section develops key arguments supporting your thesis or hypothesis. You must utilize both the model and the results in forming your arguments. Arguments must be concise and tightly connected to your own findings but in the context of the broad literature.

(7) Conclusion (10%). Briefly summarize what has been accomplished in your paper and what you think should be done in the future along the line of research that you have studied.

(8) List of tables and figures (5%). They must be clearly labeled and numbered.

(9) List of references (5%). They should be formatted according to examples given in the class.