

SYLLABUS
ECON 460 Research Methods I
Spring 2005
Prof. M. Cahill

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Office Hours: Mondays 1-3, Wednesdays 9:30-11:30, Thursdays 3:15-4:15, and by appointment/drop-in

Course meeting time: Tuesdays and Thursdays, 8:00-9:15 in Stein 522

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Overview

The main goal for this course is to get you ready to write your honors thesis next fall. By the end of the semester, you will have found a narrow thesis topic, an advisor, and put together a detailed description of your topic along with a review of related literature. You will also have studied and practiced methods used in economics research, and have been introduced to the tools available at Holy Cross. In this class, we will do some research theory, discuss some examples of good (and not-so-good) research, and do some practical research applications. Also during the semester, other department faculty and seniors will discuss their research experiences with you.

Requirements of the honors program

Requirements for honors

Students who successfully complete the honors program achieve departmental honors and are designated honors students by the College at graduation. To successfully complete the program you must (1) complete this course with a grade of B or better, (2) complete your thesis next fall with a grade of B or better, and (3) successfully present your final thesis research to the College at the Academic Conference next spring. I fully expect all honors students to complete these requirements.

Course credit

You will receive the following graded course credit from the honors program:

ECON 460 (this course): 1 course of lower-level elective for the economics major

ECON 462 (writing your thesis, next fall): 1 course of upper-level elective for the economics major

ECON 461 (next spring thesis presentation): 0.5 course overload

Assignments

Discussions

On most class days, we will talk about general topics related to research, discuss a specific research article, or work in the computer lab. You will be expected to fully participate in these discussions.

Thesis prospectus and literature review

By the end of the semester, you are required to submit to me and present to the class a well-developed, narrow research topic that you and a faculty advisor have agreed upon, called a prospectus. The prospectus should start with a concise statement of your topic, a discussion of the model and statistical methods you plan to use (if applicable), and a description of any data requirements you need to test the

model (if your paper is empirical). Your proposal should also discuss the feasibility of the project - convince me (and your advisor) that the project can be finished next fall. Finally, the prospectus should summarize and synthesize the most relevant literature related to your project. While we will discuss your topic throughout the semester, your prospectus grade will be based on your final paper. At the end of the semester, you will present your prospectus to the class. During the semester, you will present a key paper from the literature.

Practice paper project: the Taylor Rule

We will do a practice thesis project in class to introduce you to some sticky details of research. This project will study some of the research on the “Taylor Rule,” a simple equation that some have suggested can be used to guide monetary policy. In this context of this project we will develop some relevant theoretical models, gather and manipulate data to evaluate the models, simulate the model, and empirically test the models using basic econometric regression analysis. In the end, you will compile the results in a short paper to give you some practical experience writing equations, incorporating graphs and tables, etc. This project will also serve as an example of how research in an area evolves over time.

Grades

Grades for this course will be determined as follows:

Thesis prospectus and literature review

Final prospectus and literature review: 35%

Presentation of prospectus: 20%

Presentation of key paper in literature: 15%

Practice Taylor Rule paper: 15%

Class participation: 15%

Course outline and readings

Reading list

An asterisk (*) denotes the reading is available on ERes (<http://eres.holycross.edu> Course: ECON 460, password: honors). All other readings will be distributed in class.

Diamond, Jared (1999), *Guns, Germs and Steel: The Fates of Human Societies*, revised edition, New York: W. W. Norton and Co., Ch. 2, 3, 13, 18.

*Evans, Charles L. (1998) “Real Time Taylor Rules and the Federal Funds Futures Market,” *Economic Perspectives* (Federal Reserve Bank of Chicago) 22:3, pp. 44-55.

*Fuller, Dan and Doris Geide-Stevenson (2003), “Consensus Among Economists: Revisited,” *Journal of Economic Education* 34:4, pp. 369-87.

*Judd, John P. and Glenn D. Rudebusch (1998), “Taylor’s Rule and the Fed: 1970-1997,” *FRBSF Economic Review* 1998:3. pp. 3-16.

Kennedy, Peter (2005), “Oh No! I got the wrong sign! What do I do?” *Journal of Economic Education* 36:1, pp. 77-92.

*Kozicki, Sharon (1999), “How Useful Are Taylor Rules for Monetary Policy,” *Economic Review* (Federal Reserve Bank of Kansas City) 1999:2, pp. 5-33.

*McCloskey, Dierdre N. and Stephen T. Ziliak (1996), “The Standard Error of Regressions,” *Journal of Economic Literature* 34:1 (March), pp. 97-114.

McCloskey, Donald N. (1987), *The Writing of Economics* New York: Macmillan.

*Morell, Virginia (1996), “A Cold, Hard Look at Dinosaurs,” *Discover* 17:12 (December), pp. 98-198.

- *Orphanides, Athanasios (1997), "Monetary Policy Rules Based on Real-Time Data," unpublished paper, Board of Governors of the Federal Reserve System.
- Singleton, Royce A. Jr. and Bruce C. Straits (1999), *Approaches to Social Research*, 3rd. ed. New York: Oxford University Press, Ch. 2, 3, 4, 18, p. 29.
- *Taylor, John B. (1993), "Discretion vs. Policy Rules in Practice," *Carnegie-Rochester Series on Public Policy* 39 (December), pp. 195-214.

Course Outline

Topic	Readings
Introduction to writing a thesis (1½ classes)	
Structure of thesis	Singleton & Straits (S&S) (1999) Ch. 18
Choosing a topic	S&S Ch. 4 p. 65-7
Paper example: What do economists agree on?	Fuller & Geide-Stevenson (2003)
Research methods (6½ classes)	
Scientific research, types of studies and analysis	S&S Ch. 2, Ch. 4 (89-91)
Using logic	S&S Ch. 3, Morell (1996)
Types of evidence	
Gathering and using data	
Quantitative and qualitative data	
Time series, cross-section, panel, longitudinal	
Natural experiments, historical analysis	Diamond (1999) Ch. 2, 3, 18
Analysis of data	
Variables	S&S Ch. 4 (70-73)
Association: correlation vs. causation	S&S Ch. 4 (73-98)
Interpreting results and drawing conclusions	McCloskey & Ziliak (1996), Kennedy (2005)
Progression of scientific knowledge, tech growth	Diamond Ch. 13, S&S p. 29
Practice paper: The Taylor rule (5 classes)	
The original Taylor paper	Taylor (1993)
Data gathering and data manipulation	
Simulate Taylor rule, obtain statistical results	
Simple linear regression analysis	Judd & Rudebusch (1998)
Writing up results	
Critiques and applications of Taylor rule	Judd & Rudebusch (1998), Orphanides (1997), Evans (1998), Kozicki (1999)
Review of writing a paper , (1 class)	
Paper scope	
Paper organization	S&S Ch. 18, 544-51
Style tips	McCloskey (1987)
Other classes, interspersed	
Visit to library research department	
Lab session doing research	
Visit by Professor Navarro to discuss gradate studies fellowship opportunities, research	
Visit by Professor Baumann to discuss data sources, research	
Presentation of key paper in literature in class (2 classes)	
Senior practice presentations (2 classes)	
Present thesis prospectus (2 classes)	