

Research Methodology
Monday 8:30-10:20
Prof. Christopher Balding
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Office #744

Office Hours: Monday 1:00-1:30 or by appointment
SUBJECT TO CHANGE BY THE PROFESSOR

Course Objectives:

1. Students will be exposed to and expected to have the ability to perform a variety of types of financial and economic research and utilize different methodologies in different settings.
2. Provide you the tools, skills, and back ground to perform international standard research across a variety of industries and job functions.
3. Improve critical thinking and creative problem solving skills to be able to analyze research problems in the work place and arrive at well reasoned solutions to problems.

Expectations of the Student:

1. Come to class COMPLETELY prepared. This means having completed and studied all readings, being prepared to discuss the readings, ask questions, of presenters, and answer questions when called upon. Additional, expectations of students are presented below.
2. All work must be turned in on time. Any assignments turned in late will receive an automatic zero. There will be no extensions granted. If you know you will be absent then arrange to turn the assignment in early.
3. Students must be able to critically analyze and present independent thought about the material covered in class. Simply regurgitating the material will not earn the student a good grade.
4. The student MUST perform their own work. Any student caught cheating, plagiarizing, or using others work will receive a failing grade for the course automatically. No exceptions.

Class Resources:

Students will be required to visit the website to obtain the readings and join online class discussions.

1. Students must go to the website and apply for membership to the group. Because the group is private, only students of the class will be admitted as members and allowed to access class resources.
2. All readings will be available online through the group in the “Files” section for easy downloading.
3. I will be sending out regular emails to the class via the email list in the group. If you are not a member of the group you will not receive emails and important information.

Class Readings:

You are expected to have completed the reading, prepared questions, and be ready to engage in discussion about the material before attending class.

Each class will consist of one academic research paper. The academic research is some of the seminal or more recent elite pieces of research in economics and finance. Some of the economists we will read have won Nobel Prizes in economics or are mentioned every year as possible recipients. These are a selected group of some of the best research in economics and finance.

The student must be able to analyze the text and decide based upon the given information such questions as: which facts are more important, what additional information might be helpful in making a decision, how might I act differently, why would my actions be differently, does culture play a role in the decision made?

Merely being able to restate the facts will not give the student a good grade!!

Class Presentations:

Every class will have 1 team presentation depending on the number of students.

The presentation must present a critical analysis of the text and not simply restate what was written. Everyone is coming to class having read the text, the student giving the presentation must be able to provide additional information or analysis in their presentation. Poor presentations will simply restate what the text states without providing critical analysis.

The presenter should doing things such as stating what the problem being analyzed is, what the methodology used is, whether the researcher is able to convincingly demonstrate their point, was their methodology appropriate?

Students are encouraged to use computer resources such as PowerPoint, hand outs, or other materials in making their presentations.

Writing Assignments:

Students will have one primary writing assignment and weekly small writing assignments. The final writing assignment and term research paper will comprise 60% of the final grade. Each weekly assignment will be a building block of the final paper.

Class Participation:

Class participation will count for 10% of your final grade. Class participation is very important and you are expected to arrive at class prepared to work through the foundational readings and case studies presented.

You are required to prepare three questions about each reading focus on the basic research question and methodology used by the author. You should be prepared to ask these questions in class so we can work through the questions and so you gain a better understanding of the material being presented. You should prepare the questions though you may decide not to ask questions, though participation is strongly encouraged. This means you must come to class with a total of nine questions. I will not make a habit of collecting questions and grading them. However, if I do not feel that students are coming to class prepared, ready to ask questions, and discuss the material I will collect and grade questions.

Class Structure:

The first 20-30 minutes will consist of a general lecture about the theme of the class session and covering any basic information. During the first part of class, I will answer any basic questions about the reading assignment, broad themes, and language questions.

Next we will have a student presentation of approximately 20 minutes about the first paper with approximately 10-15 minutes of questions and discussion on the readings. The presenter should work to lay the foundation for an analysis of the case study and note common themes, disagreements, or which readings were better. The presenter should not simply restate the readings. We will then have the same format for the second paper.

The half hour will focus on bringing the two research papers together and answering any questions the students may have about the research questions, methodologies used, debating whether the authors accomplished their objectives, and how the papers relate.

COURSE READING LIST:

March 5: Introduction

March 12: “The Lighthouse in Economics”, *Journal of Law and Economics*, Vol. 17, No. 2, pp. 357-376, R. H. Coase

“The Determinants of Cross Border Equity Flows”, *Journal of International Economics*, Vol. 65, pp. 269-296, Richard Portes and Helene Rey

3 paper ideas with 2-4 sentence explanation of each due at the beginning of class. MANDATORY.

March 19: “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism”, *The Quarterly Journal of Economics*, Vol. 84, No. 3, pp. 488-500, George Akerlof

“Corporate Financing and Investment Decisions When Firms Have Information the Investors Do Not Have”, *NBER Working Paper 1396*, July 1984, Stewart Myers and Nicholas Majluf

Dataset and description of dataset due at the beginning of class. MANDATORY

March 26: “Human Capital, Fertility, and Economic Growth”, *The Journal of Political Economy*, Vol. 98, No. 5, pp. S12-S37, Gary Becker

“Neighbors as Negatives: Relative Earnings and Well-Being”, *The Quarterly Journal of Economics*, August 2005, Erzo Luttmer

2-3 page literature review due at the beginning of class.

April 2: “International Data on Education Attainment Updates and Implications”, *Oxford Economic Papers*, Vol. 53, No. 3, pp. 541-563, Robert Barro and Jong-Wha Lee

“Wage Inequality and the Rise of Returns to Skills”, *The Journal of Political Economy*, Vol. 101, No. 3, pp. 410-442, Chinhui Juhn, Kevin Murphy, and Brooks Pierce

2 page theoretical model due at the beginning of class.

April 9: “Income Distribution and Macroeconomics”, *The Review of Economic Studies*, Vol. 60, No. 1, pp. 35-52, Oded Galor and Joseph Zeira

“Distributive Politics and Economic Growth”, *The Quarterly Journal of Economics*, Vol. 109, No. 2, pp. 465-490, Alberto Alesina and Dani Rodrik

Initial regression results due at beginning of class.

April 16: “Why Do Some Countries Produce So Much More Output Per Worker Than Others?”, *The Quarterly Journal of Economics*, February 1999, Robert Hall and Charles Jones

“Domestic Saving and International Capital Flows”, *The Economic Journal*, Vol. 90, No. 358, pp. 314-329, Martin Feldstein

2-4 page introduction and motivation due at the beginning of class.

April 23: “A Contribution to the Empirics of Economic Growth”, *The Quarterly Journal of Economics*, Vol. 107, No. 2, pp. 407-437

“Does Financial Liberalization Spur Growth?”, *Journal of Financial Economics*, Vol. 77, pp. 3-55, Geert Bekaert, Campbell Harvey, and Christian Lundblad

2-4 page results description of regressions due.

April 30: “Classifying Exchange Rate Regimes: Deeds vs. Words”, *European Economic Review*, Vol. 49, pp. 1603-1635, Eduardo Levy-Yeyati and Frederico Sturzenegger

“Fear of Floating”, *NBER Working Paper 7933*, Guillermo Calvo and Carmen Reinhart

FINAL PAPER DUE