Economics 46                Professor Samwick
Topics in Monetary Economics and Finance           Winter 2005

Office Hours:

My office is 322 Rockefeller. My regular office hours are Monday and Wednesday afternoons from 2:30 – 4:30 p.m. Note that on some occasions, my work at the Rockefeller Center may require these office hours to be rescheduled. Please verify office hours each week at www.dartmouth.edu/~blackboard.

Course Description:

Economics 46 is a seminar course that provides an overview of major developments in monetary economics and finance over the last two decades and offers an in-depth look at selected aspects of financial markets and institutions. The objective of the course is to enable the student to understand the academic literature in finance and to produce original research using financial data.

Prerequisites: Economics 20, 22, and 36

Readings:

All of the readings for this class are available directly on the Internet from any computer on campus. Most class periods will consist of critical discussions of the economic theory and evidence in the assigned papers. I will lead some class discussions, but students will lead most of them on a rotating basis. Other classes will be sessions on econometrics and using the Internet to obtain financial data.

Course Requirements and Grading:

Research Papers,       60% (Of which, an early research project may comprise up to 1/3)
Class Participation,    40%

The research paper is on a topic of the student’s choice and has a maximum length of 15 pages. The first draft of the paper must be handed in by Friday, February 25 and presented to the class during the following week. The order for presentations will be determined through a lottery. The final draft of the paper is due by Wednesday, March 9. A three-page research proposal for the paper must be handed in by Wednesday, January 26. Further details on the requirements for the paper, presentation, and proposal will be discussed as the class progresses. The early research project is a microcosm of the research paper on a topic of my choosing, due early in the term (Part I on Wednesday, January 12; Part II on Wednesday, January 19).

The remainder of the course grade is based on presentations and participation in classroom discussions. Each day that a paper is being presented, students must submit critiques of the assigned readings according to a template posted on the course web page. Handwritten critiques, or critiques submitted after the relevant class, will not be accepted. Each student will also give at least one class presentation of the assigned papers, generally as part of a team. The critiques and paper presentation, plus general
contributions to class discussion, comprise the class participation part of the grade. Students should meet with me in scheduled office hours several days prior to their presentations to review the assigned paper.

Additional Information:

Class Meetings: Silsby 310, MWF 8:45 a.m. – 9:50 a.m. or 10:00 a.m. – 11:05 a.m. X-period meetings are denoted by * on the Course Outline. Students are expected to attend the specific section for which they are enrolled.

Class Materials: Course materials are accessible to students at www.dartmouth.edu/~blackboard.

Honor Principle: Students are expected to follow the College’s guidelines for the proper attribution of sources in the conduct of their own research. While offering assistance to fellow classmates is encouraged, all written assignments are expected to reflect each student’s own individual work.

Equal Access: Students with learning, physical, or psychiatric disabilities who may need disability-related classroom accommodations are encouraged to make an appointment as soon as possible. The Academic Skills Center will be asked to verify that the student is approved for these services. All discussions will remain confidential, although the Student Disabilities Coordinator may be consulted to discuss appropriate implementation.

Procrastination and Distraction:

Completing the term paper requirement for this course is likely to be a very different experience from all of your prior academic activities at Dartmouth. This term paper requires both an original idea and an econometric implementation of that idea. Most students have no experience with the latter, and so it is a skill that must be practiced and learned. This is not a paper that can be successfully completed by doing all of the work at the end of the term. It will be painfully obvious, and not likely successful, if this approach is taken.

Senior year distractions provide some unique challenges in Economics 46. I am sympathetic to the pressure they place on my students to miss class frequently and with little notice. I have designed the course to be as accommodating as possible on a day-to-day basis. However, student performance in this course is based in large part on the term paper and presentations. No amount of distraction by other interesting senior year pursuits serves as a substitute for the quality of the term paper.

If you are concerned about either of these issues, then you should see me immediately, so that we can work together to make your experience in Economics 46 a rewarding one.
Course Outline:

1) Introductory Topics

[W 01/05]


[Th 01/06*]

Continued discussion of “New Facts in Finance.”

[Th 01/06*] Early Research Project Assigned

[M 01/10]


[W 01/12]


[W 01/12] Early Research Project Part I Due

[Th 01/13*]


[F 01/14]

II) Data and Econometrics

[W 01/19] Data Meeting at Berry Instructional Center in Carson Hall

[W 01/19] Early Research Project Part II Due

[Th 01/20*] Data Meeting at Berry Instructional Center in Carson Hall

[F 01/21] Data Meeting at Berry Instructional Center in Carson Hall

III) Noise Trading and Sentiment

[M 01/24]


[W 01/26]


[W 01/26] 3-page Term Paper Proposals Due in Class

[F 01/28]


[M 01/31]


IV) Initial Public Offerings & Internet Valuations

[W 02/02]


[Th 02/03*]

[M 02/07]


[W 02/09]


V) Corporate Finance and Investment

[M 02/14]


[W 02/16]


[F 02/18]


VI) Empirical Tests of Herd Behavior

[M 02/21]


[W 02/23]

VIII) Class Wrap-Up

**[F 02/25]** FIRST DRAFTS OF RESEARCH PAPERS DUE IN MY OFFICE BY THE END OF THE CLASS PERIOD. LOTTERY HELD TO DETERMINE ORDER OF CLASS PRESENTATIONS

**[M 02/28]** FIRST DRAFTS BEGIN TO BE AVAILABLE (BASED ON THE ORDER OF CLASS PRESENTATIONS); EXTRA OFFICE HOURS DURING THE CLASS PERIODS

**[W 03/02][Th 03/03][F 03/04][M 03/07]** TERM PAPER PRESENTATIONS IN CLASS.

**[W 03/09]** FINAL DRAFTS OF RESEARCH PAPERS DUE IN MY OFFICE BY 11:05 a.m.