

The University of Oklahoma

College of Continuing Education

Advanced Programs – Course Syllabus

Course Title:

Contemporary Economic Methods and Analysis

Course Number:

ECON 5073-108

Course Description:

A review of contemporary economic methodology and theory, with applications to the analysis of macroeconomic questions and problems, both domestic and international.

Class Dates, Location and Hours:

Dates: September 12-18, 2016

Location: Washington, D.C. Liaison Office - 2189 Crystal Plaza Arcade, Arlington, VA, 22202.

Hours: Monday - Friday 6:00 p.m.-9:30 p.m.; Saturday 8:00 a.m.-4:30 p.m.; Sunday 8:00 a.m.-12:00 p.m.

Last day to enroll or drop without penalty: August 14, 2016

Site Director:

Christopher Della Valle. Assistant: Sasha Ramdeen. 2189 Crystal Plaza Arcade, Arlington, VA, 22202. Phone: 703-418-4800; Fax: 703-418-2730; Email: apwashington@ou.edu

Professor Contact Information:

Course Professor: Jane Clary, Ph.D.

Mailing Address: 55-C Society Street
Charleston, SC 29401

Telephone Number: (843) 577-0030

Fax Number: (843) 577-2720

E-mail Address: claryj@cofc.edu

Professor availability: The professor will be available via e-mail to students before and after the class sessions. On-site office hours are half an hour before and after each class session, by appointment.

Instructional Materials Available Online:

1. International Monetary Fund, World Economic Outlook:
<http://www.imf.org/external/pubs/ft/weo/2014/update/01/pdf/0114.pdf>
2. The Bernanke lectures, 2012, available:
<http://www.federalreserve.gov/newsevents/lectures/about.htm>
3. Economic Report of the President:
http://www.whitehouse.gov/sites/default/files/docs/full_2014_economic_report_of_the_president.pdf
4. Federal Open Market Committee Statements, Jan, 2007-present:
<http://www.federalreserve.gov/newsevents/press/monetary/2016monetary.htm>
5. Federal Reserve Monetary Policy Reports
http://www.federalreserve.gov/monetarypolicy/mpr_default.htm and
http://www.federalreserve.gov/monetarypolicy/mpr_20140211_part1.htm

6. European Central Bank Policy Statements:
http://www.federalreserve.gov/monetarypolicy/mpr_20140211_part1.htm
7. Film, *Inside Job*, available on Netflix and at other outlets

Course Objectives:

Students will gain an understanding of the sectors and structure of the macro economy, the determinants of economic activity, and monetary and fiscal policies to address macro-economic instabilities, including inflation and unemployment.

Course Outline:

- I. The Macro-economy
 - a. Introduction
 - b. Measuring Economic Performance; Economic Sectors
 - c. Modeling and Analyzing the Macro-economy
 - d. Introduction to Macroeconomic Stabilization; Monetary Policy; Fiscal Policy
- II. Macroeconomic Fluctuations
 - a. Economic Cycles – Unemployment and Inflation
 - b. Monetary Policy; Federal Reserve System; European Central Bank
 - c. Fiscal Policy; Government Finance; Debt Crises

Assignments, Grading and Due Dates:

1. Students should read the IMF *World Economic Outlook* before the class begins.
2. Students should view the film, *Inside Job*, before the class begins.
3. Students should familiarize themselves with the *2014 Economic Report of the President* before the class begins.
4. Students should complete the Bernanke Lectures assignment to be turned in at the beginning of class on September 12. See below for instructions and questions.
5. Students should complete the FOMC statements assignment to be turned in at the beginning of class on September 12. See below for instructions.

Bernanke Lectures – Instructions and Questions

Ben Bernanke gave a series of 4 live lectures on the Federal Reserve at George Washington University in March, 2012. These lectures are available on the Federal Reserve Website:

<http://www.federalreserve.gov/newsevents/lectures/about.htm>

Instructions:

Answer each question, succinctly and completely. The answers should be based on the material in Professor Bernanke's lectures. If you need additional clarification, you may consult other materials. However, the answers should be based on the material in the lectures. Divide the answers according to the lecture, and include the question that you are addressing. Answers should be **typed** and pages should be **stapled together**.

The slides that Professor Bernanke uses are available on the website at <http://www.stlouisfed.org> then Newsroom, then Multimedia/Video, then March 20-29, 2012.

The lectures are available at <http://federalreserve.gov> - then News & Events, then Federal Reserve & Financial Crisis.

Lecture 1

1. What is the difference between the economic stability and the financial stability parts of the mission of a central bank? Explain both parts.

2. Explain the process of how the Fed changes interest rates and how those changes encourage an appropriate increase or decrease in spending in the economy.
3. Explain how the provision of liquidity helps to promote financial stability.
4. How does the fact that banks hold long-term illiquid assets and short-term liquid liabilities contribute to conditions for a financial panic?
5. Explain the concept of “lender of last resort.”
6. Summarize the role of deposit insurance in ensuring financial stability.

Lecture 2

1. Explain and describe the Fed-Treasury Accord after World War II. To what extent was this effective in improving economic conditions?
2. What is the “lean against the wind” policy?
3. What does “disinflation” mean?
4. Who is Paul Volker? Summarize Volker’s policy during his tenure as chair.
5. Describe the causes of the rapid rise in housing prices pre-2008.
6. Describe the characteristics of the decline in lending standards in the early 2000s. Why did lending standards deteriorate? Give examples of changing incentives.
7. Define a financial “trigger” and give examples from the recession.

Lecture 3

1. Define and describe Government Sponsored Enterprises (GSEs). What advantages do these enterprises offer?
2. Describe Adjustable Rate Mortgages, ARMs. Explain why these worked only so long as house prices increased.
3. What are rating agencies? What is their role in financial markets? What are their incentives?
4. Describe the difference between a solvency crisis and a liquidity crisis.
5. What is the discount rate? Describe the role of the discount rate in halting bank runs.
6. Summarize the evidence relevant to determining the success or failure of the policy response to the crisis.

Lecture 4

1. Summarize the FOMC traditional monetary policy actions during the crisis.
2. What does it mean to say that “the effectiveness of the federal funds rate was exhausted”?
3. What are large-scale asset purchases (LSAPs), also known as quantitative easing? What is the purpose?
4. How does the Federal Reserve pay for LSAPs?
5. What is the effect of LSAPs on Federal Reserve assets? What is the effect on Federal Reserve liabilities?
6. Explain how low housing prices can slow the recovery?
7. Describe the limits to monetary policy in promoting economic recovery.

FOMC Assignment

The FOMC meets approximately every six weeks in Washington, D.C. and releases a FOMC Statement on Wednesday at 2:00 p.m. after each meeting explaining the actions taken at the meeting. These statements are available on the Federal Reserve website at

<http://www.federalreserve.gov/newsevents/press/monetary/2016monetary.htm>

Look at each FOMC statement, beginning with the statement issued on Jan 31, 2007. Include only the **FOMC statements**. You will have approximately 8 statements per year for 8+ years (about 68 statements

total – I know that this is a lot; this assignment will require significant time). This will be a large table. For each statement, report the action taken and the reasons for the action. The answers should be **typed** and pages **stapled together**. Report the information in tabular form, beginning with the most recent statement:

FOMC Statements, Jan 31, 2007 – most recent meeting, 2016

Date	Action	Justification
most recent first		
August 2016	to be determined	yet unknown!
03/16/16	Maintain target Fed funds rate at .0025-.0050; Continue to reinvest principal re-payments into agency and Treasury securities holdings	Return inflation to 2%; maintain growth; concern about international events, low inflation, “soft” investment spending, and “soft” net exports spending
1/31/07		

Grading:

This is a letter-graded course: A, B, C, D, or F.

Assignment	Due Date	Percent of Grade
Class Discussion	in class	10%
Bernanke Lectures Assignment	Sep 12	30%
FOMC/ECB Statements Assignment	Sep 12	30%
Final Exam	Sep 18	30%

Notice: Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.

POLICIES AND NOTICES

Attendance/Grade Policy

Attendance and participation in interaction, individual assignments, group exercises, simulations, role playing, etc. are valuable aspects of any course because much of the learning comes from discussions in class with other students. It is expected that you attend all classes and be on time except for excused emergencies.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution's policy regarding "I" (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any "I" (Incomplete) grades by the end of the term or he/she may be placed on "financial aid probation." If the "I" grade is not resolved/completed by the end of the following term, the student's Financial Aid may be suspended making the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

Academic Integrity and Student Conduct

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student's academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc...in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc...; intimidation and interference with integrity process; and plagiarism. All students should review the Student's Guide to Academic Integrity at http://integrity.ou.edu/students_guide.html

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at <http://studentconduct.ou.edu/>

Accommodation Statement

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

Course Policies

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course. Advanced Programs does not provide duplicating services or office supplies.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: <http://www.goou.ou.edu/>

INSTRUCTOR VITA

Betsy Jane Clary

Education

- Ph.D., Economics, University of Mississippi, 1981
- Master of Science in Business Administration, Economics, Mississippi State University, 1972
- Bachelor of Science, Statistics and Data Processing, Mississippi State University, 1971

Current Positions

Professor of Economics Emerita, College of Charleston

Frequently Taught Advanced Programs Courses

ECON 5633 International Economics-Finance
ECON 5073 Contemporary Economic Methods and Analysis
ECON 5043 Managerial Economics II

Major Areas of Teaching and Research Interest

- Monetary Theory and Policy
- Money and Financial Institutions
- History of Economic Thought
- Managerial Economics

Recent Representative Publications and Presentations

- Clary, Betsy Jane, "Social Values, Keynes, and International Monetary Institutions, forthcoming, *European Journal History of Economic Thought*.
- *Reckoning with markets: moral reflection in economics*, by J Halteman and E. Noell, Erasmus Journal for Philosophy and Economics, Vol 6, Issue 1, Spring 2013
- Clary, Betsy Jane, "Institutional Usury and the Banks," *Review of Social Economy*, LXIX, No. 4 (December, 2011) 419-438.
- Clary, Betsy Jane. "Smith and Living Wages," *American Journal of Economics and Sociology*, Vol. 68, No. 5, (November, 2009) 1063-1084.
- *Ethics and the Market: Insights from Social Economics*, Betsy Jane Clary, Deborah M. Figart, and Wilfred Dolfsma, eds., London: Routledge, 2006.

Representative Honors and Awards Received

- School of Business Teaching Award, College of Charleston, 2013
- Distinguished Service Award, Association for Social Economics, 2005
- Program Secretary, Association for Social Economics, 1999-present
- President, Association for Social Economics, 2010
- President, Southwestern Social Sciences Association, 2003-2004

Major Professional Affiliations

- Association for Social Economics
- European Society History of Economic Thought
- American Economic Association