

Economics 40313

Econometrics

Dr. John T. Harvey (Fall 2011)

PURPOSE: The course is designed to familiarize the student with statistical techniques used by economists to estimate “real world” phenomena and test hypotheses. By the end of the semester the student will be able to both conduct and interpret basic regression analyses, including conducting t tests, estimating equations, and detecting and solving for multicollinearity, heteroskedasticity, and serial correlation.

REQUIREMENTS: Each student will have two in-class opportunities to demonstrate their understanding of the course material, plus homework. The relative weights are as follows:

Homeworks	30% (4 @ 7.5% each)
First exam	30%
Final exam	+40%
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	100 %

Grades will be assigned as follows:

100 to 89.5 points	A (Exceptional)
89.4 to 79.5 points	B (Superior)
79.4 to 69.5 points	C (Medium)
69.4 to 59.5 points	D (Inferior)
59.4 or less	F (Failure)

Assignments are due at the beginning of class. Late assignments lose 10% of the total possible grade per 24 hours past the point they were due, rounded up (i.e., an assignment late by 24 hours loses 10%; an assignment late by 24 hours and 1 minute loses 20%). Partial assignments will not be accepted. Once I have reviewed the homework in class, it will no longer be accepted and the grade will be entered as a zero (this stands regardless of the student’s attendance in that class period).

If you are going to miss an exam, I must be contacted in advance. There is no guarantee that the excuse will be honored (I will consider the circumstances and may consult the department chair, dean, and/or Campus Life). If it is not, a zero will be entered.

FINAL EXAM: The final is scheduled for Tuesday, December 13 at 8:00am.

ABSENCE POLICY: The TCU Faculty/Staff Handbook requires that faculty be aware of the attendance of students and, if necessary, report frequent absences. In this class "frequent" will be defined as three or more.

REMINDER: Economics majors must earn a C or better in order to count economics courses toward their economics degree (though as a “D” it can be an elective).

CLASSROOM ETIQUETTE: In my experience, most students already know exactly how to conduct themselves in a college classroom. Unfortunately, however, a steady deterioration in the level of civility and manners is a trend at universities across the nation (including here at TCU). For that reason, I have taken the reluctant step of requiring all students to sign an agreement regarding appropriate classroom behavior. Please read it carefully as I will be taking it very seriously. I will, incidentally, also be signing one for you, of which you will receive a copy. Remember—everyone pays the same tuition and has the right to be able to concentrate on the lecture. Please let me know if anyone is distracting you.

ACADEMIC HONESTY: I do my utmost to see to it that those who are studying hard in my course get full credit for their work and that they are not cheated by classmates. I do this primarily by removing temptation and closely monitoring all exams. However, in the event that my vigilance is not sufficient and a case of academic dishonesty does come to my attention, I give my word to the honest members of the class that the offending party will be penalized as outlined by University policy. Speaking of the latter, section 3.4 of the Code of Student Conduct¹ defines academic misconduct as including but not limited to cheating, plagiarism, collusion, abuse of resource materials, computer misuse, fabrication and falsification, multiple submission, complicity in academic misconduct, and bearing false witness (definitions of each are available from the link in footnote 1).

Students are not the only ones who should be held to a moral standard in the process of determining course grades. It is equally vital to the integrity of the course that the instructor maintain the highest level of honesty. I promise everyone that, first, no student will have a grade changed simply because they made inquiries regarding my evaluation. Nor will someone in our class receive a higher grade on the basis of "need" (to keep a scholarship, to stay in school, to receive Economics credit, to not be killed by parents, etc.). If those are to be criteria for the determination of grades, then they should appear in the syllabus as assignments. Furthermore, the exams will be graded blindly (i.e., no names) and, at the end of the semester, the one and only place I will look to calculate students' grades will be their cumulative performance on the tests. The standard I will apply in determining letter grades absolutely will be the one listed above, and I promise that it will be the same for everyone. Finally, I feel very strongly that it is each student's right to understand how their grade was determined, and I am always happy to fully explain any questions you may have.

TEXT: A. H. Studenmund, **Using Econometrics: A Practical Guide**, 6th Edition (be sure it has EViews software included!).

¹See page 49: http://www.studentaffairs.tcu.edu/handbook/Student_Handbook.pdf.

BLUE BOOKS FOR EXAMS: I would appreciate it if you would purchase Blue Books for each of the exams. In fact, anyone giving me **both** by October 13 will have 0.5 pts added to their final grade.

INSTRUCTOR INFORMATION:

Office: Somewhere in Scharbauer Hall (can't remember the number, but it's on the fourth floor!)

Phone: 257-7230 or 257-6235 (office—the latter is the direct line); 924-9016 (home: please do not call here past 8:00pm). Hey, I got a cell phone! (817)223-4497

E-mail: j.harvey@tcu.edu (note: you'll hit my spam filter if it's your first note to me)

B.A. Economics and Political Science, U. of Tennessee 1983.

M.A. Economics, U. of Tennessee 1986.

Ph.D. Economics (international, macroeconomics, history of economics), U. of Tennessee 1987.

Qualifications for Teaching This Course: Because econometrics is a tool all economists have been taught to use, it is our assumption that any member of the department could teach this class. I also use it frequently in my own research, primarily time-series studies of currency markets. Here are some relevant publications:

“Deviations from Uncovered Interest Rate Parity: A Post Keynesian Explanation.”
Journal of Post Keynesian Economics, vol.27, no.1, Fall 2004.

"Exchange-Rate Risk Mitigation with Price-Level-Adjusting Mortgages: The Case of the Mexican UDI." **Journal of Real Estate Research**, 2003. Co-authored with Joseph Lipscomb and Harold Hunt.

“The Determinants of Currency Market Forecasts: An Empirical Study.” **Journal of Post Keynesian Economics**, Fall 2002.

“The Nature of Expectations in the Foreign Exchange Market: A Test of Competing Theories.” **Journal of Post Keynesian Economics**, vol.21, no.2, Winter 1998-99.

"Expectations and Rational Expectations in the Foreign Exchange Market." **Journal of Economic Issues**, coauthored with Stephen Quinn, vol. 31, no.2, June 1997.

CALCULATORS AND TRANSLATORS: You will never need a calculator for my exams.

Those students for whom English is not their native language may bring a dictionary, but not an electronic one. Please let me see the dictionary before class.

PICTURE DAY: By golly gosh, you are paying a lot of money to come to TCU (well, someone is)—you deserve to have your professors know your name! So, on the second or third day of class I'll be taking all your pictures (to which you'll add your names later) so that I can study, study, study. By exam one I should know everyone's name AND which face it goes with!

PROCEDURES FOR STUDENTS WITH DISABILITIES: Texas Christian University complies with the Americans With Disabilities Act and with Section 504 of the Rehabilitation Act of 1973 regarding students with disabilities. No otherwise qualified individual shall be denied access to or participation in the services, programs and activities of TCU solely on the basis of a disability. The University shall provide reasonable accommodations for each eligible student who (a) has a physical or mental impairment that substantially limits a major life activity, (b) has a record or history of such an impairment, or (c) is regarded as having such an impairment.

Each eligible student is responsible for presenting relevant, verifiable, professional documentation and/or assessment reports to the Coordinator for Students with Disabilities. Information concerning a student's disability is treated in a confidential manner in accordance with University policies as well as applicable federal and state laws. Documentation presented to the Coordinator shall be reviewed by appropriate University professional(s) to verify the existence of a disability. Further documentation may be required from the student to substantiate the claim of a disability or to assist the University in determining appropriate accommodations.

Eligible students seeking accommodations should contact the Coordinator as soon as possible in the academic term for which they are seeking accommodations. The Coordinator shall prepare letters to appropriate faculty members concerning specific, reasonable academic adjustments for the students. The student is responsible for delivering accommodations letters, conferring with faculty members, and returning validation of the receipt of information to the Coordinator. The Coordinator shall consult with the student and with University faculty and staff to ensure delivery of appropriate support services and shall serve as liaison between the student and the faculty member as needed.

Students who wish to appeal a decision regarding appropriate accommodations shall do so in writing to the Affirmative Action Officer, who shall decide the appeal. The Affirmative Action Officer's decision may be appealed within 7 calendar days in writing to the Provost, whose decision may be appealed in writing within 7 calendar days directed to the Chancellor. At any step during such an appeal, the person deciding the appeal may confidentially consult with appropriate professionals/advisors within or outside the University.

The Coordinator for Students with Disabilities may be contacted at the Center for Academic Services, Texas Christian University, TCU Box 297710, Fort Worth, Texas 76129, (817) 257-7486.

ASSIGNMENTS

WEEK	TOPIC
#1 End Aug 25	Overview of Regression Analysis Ordinary Least Squares
#2 End Sep 1	Ordinary Least Squares (cont.) Eviews
#3 End Sep 8	Learning to Use Regression Analysis The Classical Model
#4 End Sep 15	Hypothesis Testing Homework 1 Due
#5 End Sep 22	Specification: Choosing Independent Variables
#6 End Sep 29	Specification: Choosing Functional Form Homework 2 Due
#7 End Oct 6	Multicollinearity
#8 End Oct 18	Serial Correlation EXAM ONE!!!
#9 End Oct 25	Serial Correlation
#10 Nov 1	Heteroskedasticity Homework 3 Due
#11 End Nov 8	Regression User's Handbook
#12 End Nov 15	Time Series
#13 End Nov 22	Dummy Dependent Variables Homework 4 Due
#14 End Dec 1	Open
#14.5 End Dec 6	Open