Writing Assignment
ECON 472 - Monetary Theory and Policy

Purpose. Your assignment is to write a paper on an interesting monetary period/event/policy issue. This writing assignment has several purposes:

- One purpose of this assignment is to help you hone your writing skills by asking you to write and to read. (Research on the teaching of writing indicates that reading develops writing ability.) Writing skills are not only a critical component of academic success, they are also important to many potential employers. A good writing sample attached to your resume can give you an advantage over your competitors in the job market.

- Another purpose of this assignment is to give you an opportunity to apply your “textbook” knowledge and critical thinking skills to the “real world.” In the process, it is my hope that the opportunity to study a topic thoroughly will enhance your interest in monetary theory and policy, and in the world around you. From an employer’s perspective, employees with superior skill sets are valuable. Even more valuable though, are employees that are not only skilled, but that are knowledgeable about the world around them more generally and interested in learning.

Assignment. There are three separate parts to the assignment - two required and one optional.

1. The topic and outline - required. Submit your chosen topic and prepare a preliminary outline of your paper. Also include a list of the sources that you have examined to date during the course of your research. I encourage you to come see me for guidance. I will not choose your paper topic for you, but if you come to me with some thoughts, ideas, and references, I may be able to help you put together an outline sketch. This part of the assignment will be treated as a problem set for the purposes of grading. Due: Tuesday, March 18.

2. The paper - required. Submit your completed paper. Due: Thursday, April 10.

3. The revised paper - optional. I will read your papers and return them with comments. If you wish, you may revise your paper and resubmit it for extra credit - up to 4 percentage points. Your revisions should respond to the suggestions I have made and should also incorporate changes of your own. Due: Tuesday, May 6.

Your paper must be clearly related to monetary theory and/or policy. Otherwise, you have substantial latitude in choosing your topic. You may, for example, elect to focus on a monetary event in the U.S., or in another country. Such an event may involve some sort of crisis - like Argentina’s recent monetary crisis, or the response of the Mexican central bank to the Mexican debt crisis in 1994, or the role of the Fed in the Great Depression. Other potential topics include the U.S. experience with stagflation, or recent deflation in Japan. Alternatively, you may decide to focus on the tenure of a prominent central banker, such as Alan Greenspan or Paul Volker. Interesting policy periods or monetary innovations represent other possible topics. For example, inflation targeting in New Zealand and/or Canada, or a currency union, or electronic money. Other possibilities include: the inflation-output trade-off and the sacrifice ratio, central bank independence - is it important or not?, the U.S. savings and loan crisis, what should monetary policy target - inflation, interest rates, the money supply?, monetary policy in the European Union, the history of money, hyperinflations, etc....

Ground Rules. There are certain ground rules you must abide by and certain items that you must include in your paper.

- You must incorporate the use of data in some form. You may, for example, want to generate some time series plots. Time series plots of macroeconomic aggregates such as real GDP growth, inflation, and unemployment can provide a significant amount of information about the state of the economy during a period of time. You should avoid using figures or tables copied from other sources. Rather, you should try to gather data from raw sources and devise your own strategy for presenting it to your reader. When using charts, figures, or tables, you should not leave the work of interpreting the data to the reader.
You should provide a description of the salient feature of your graph in the body of your text. You may also want to cite the statistics that correspond to particularly interesting data points or subperiods.

When discussing theory, you must explain it. For example, if you write, “The pegging of the Argentine currency to the dollar was intended to halt inflation,” you must explain to the reader how this is supposed to work. If you have difficulty finding resources that explain the theory you’re interested in, come see me for guidance.

Your paper should not be an opinion piece. Your opinions are important and relevant. However, this paper is not the place to express them. Try to keep your work as objective as possible. Collect relevant background information, facts, and data; organize this information and report it for your reader. You may report on the views/opinions of others. If you do so, be sure that these others include “legitimate” economists.

With regard to format, your paper should include the items below in the order indicated. Please do not use plastic binders or folders - a staple will suffice.

1. **Cover sheet.** Include a cover sheet with the title of your paper and your name.
2. **Outline.** Include a copy of your outline on a separate page.
3. **Body.** The body of your paper should be double spaced, with a 12pt easy to read font, and with 1 inch margins. Please include outline headings in the body of your paper.
4. **References.** Use Harvard/APA referencing style. If you are unfamiliar with Harvard/APA referencing style, please see the link on my home page or search the web for information.
5. **Graphs.** Graphs, charts, or other figures should be included last.

**Plagiarism and Your Job.** Academic integrity is an integral part of the learning process. Without it, true learning cannot take place. All students will be required to submit their papers to an online plagiarism detection service - turnitin.com. Cases of plagiarism will be penalized in accordance with UMBC’s policies governing academic misconduct. Possible penalties include failure for the assignment, lowering of the course grade, failure for the course, and expulsion from the university. As Bill Taylor points out, “the accumulation of knowledge is a shared enterprise.” I.e., the majority of the learning and discovery that we engage in does not entail original thought. We learn and discover the things that those before us have learned and discovered. The process is quicker and easier for us because the original contributions (the hard parts), have been handed down. Your job, in writing this paper, is not to do truly original research. Your job is to research the work of others. Your original contribution is to organize the facts you find and the thoughts and ideas of others into a coherent and logical (and hopefully interesting) presentation. Thus, there is no reason to hide the fact that you are drawing from the work of others. Quite to the contrary, by citing your sources, you demonstrate to me that you have done the assignment.

**Tips on How to Research and Write an Economics Paper.** No one can tell you how to research and write a term paper. Good research and writing skills require constant practice. Below are some suggestions about how to approach a writing assignment in economics. You are encouraged to follow as many of these suggestions as possible. If at any point you would like additional guidance, please do not hesitate to visit during office hours.

1. **Get started early.** Do not wait until the last minute to start your paper. You (and I) will be sorry. One good way to avoid procrastinating is to approach the assignment in small steps. Step 1: go to the library and/or surf the web for articles, books, or data. Do a little reading to get a sense of the “lay of the land,” and begin to try and identify what kind of topic you might be interested in. It can be difficult to generate an idea for a project just sitting at your desk. It’s often much easier to get going once you have a sense of the ideas/events/issues other people are thinking and writing about. Step 2:

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2. Professor John Duffy at the University of Pittsburgh has a nice handout on how to research and write an economics term paper. Some portions of what follow have been adopted verbatim from his posting. Other sections have been modified or added.
set some deadlines for the completion of increasingly larger tasks: paper topic, outline, research, data gathering and analysis, first draft, second draft, etc.

2. Outline Phase. Do not underestimate the important of the outline phase of a writing assignment. If you take the outline seriously and do a good job, your paper will virtually write itself (not really, but you get the idea). If you find yourself struggling in the writing phase, it’s probably because you don’t have a clear and coherent outline prepared. The actual writing is merely a translation of your outline into sentences and paragraphs connected with transitions. The real work of a writing assignment is in the creation of the outline - do not neglect it.

3. Research materials. Below is a (partial) list of resources you may find useful in your research.

   - *The Economic Report of the President.* This report is written annually in conjunction with the Council of Economic Advisors and discusses a large number of macroeconomic topics. It also includes an appendix with data tables for the U.S. economy.
   - *The Statistical Abstract of the United States.* This publication contains a wealth of data on economic and social conditions in the U.S., as well as a few selected international statistics.
   - *FRED.* FRED is a database housed at the St. Louis Federal Reserve. Historic economic and financial data for the U.S. are available and can be easily downloaded from the web.
   - *Beige Book.* The Beige Book provides a summary of commentary on current economic conditions in each Federal Reserve District. It is published eight times per year by the Federal Reserve.
   - *Regional Fed Publications.* The 12 regional Federal Reserve Banks all publish technical research papers as well as publications designed to explain economic issues to nonspecialists. The articles in these publications often focus on current issues in the field of money and banking. Among the best for browsing are:
     - *Business Review,* Federal Reserve Bank of Philadelphia
     - *Economic Perspectives,* Federal Reserve Bank of Chicago
     - *Economic Quarterly,* Federal Reserve Bank of Richmond
     - *Economic Review,* Federal Reserve Bank of Cleveland
     - *Economic Review,* Federal Reserve Bank of St. Louis
     - *Economic Review,* Federal Reserve Bank of San Francisco
     - *Weekly Letter,* Federal Reserve Bank of San Francisco
   - *International Financial Statistics.* Published by the International Monetary Fund, this database contains macroeconomic data for almost every country in the world. The publication is available in hardcopy in the reference section of the library, and on one of the computers in the Economics Department’s computer lab.
   - *The Journal of Economic Perspectives.* Most economic journal publish articles that are highly technical. The *JEP* is an exception. This journal contains relatively easy-to-read articles on current research in all areas of economics. Symposia on topics of interest to macroeconomists are frequently included.
   - *News magazines.* 1. The Economist, 2. Forbes, etc.
   - *EconLit and JSTOR.* EconLit is an article index that is available via the UMBC library web site. You can use it to search for articles that contain keywords, etc. JSTOR is also available via the UMBC library web site. It is an electronic database of journal articles in various fields, including economics.
   - *NBER.* The National Bureau of Economic Research publishes an excellent working paper series. Many of the articles in the series are highly technical. However, they do represent cutting edge research, and you may find it worthwhile to search through these papers for topics/items of interest. You can search the working paper series and download articles from campus.

4. Use what you have learned in class. It is generally important when writing a research paper to research your topic using articles, books, etc. It is also generally important that you apply what you
have learned in class. If there is a way to incorporate modeling tools or analysis that you have acquired in class, use such material in your paper.

5. **Use data whenever possible.** The use of data to support or refute theory is very important in economics - and in science generally. If you can find data that support or refute theoretical conclusions, then incorporate that data into your analysis. Statements and conclusions that lack empirical support are likely to be dismissed as editorializing on the part of the author, and should be avoided if possible. Never manipulate or omit data to make your point. Practice good science - let the data say what the data says, and don’t use it inappropriately.

6. **Use data in interesting ways.** Just adding data to your paper will not make it a better paper. You must use your data effectively. For example, suppose that you found that the number of banks that failed in the U.S. last year was 31. You could simply state this number, and claim that it is high. Alternatively, you could also find out the total number of U.S. banks that were in operation last year, and calculate the percentage of banks that failed. Better yet, report the percentage of banks that failed for each of the last several years, to see whether last year’s bank failure rate was abnormally high. Figuring out how to present data in interesting ways can be hard; you will need to devote some time to thinking about the presentation of your data. Avoid the temptation to use figures or tables of data that have been copied from other sources. Instead, gather your own data using primary sources and use what you have collected to construct a figure of your own.

7. **Plots, charts, figures, tables.** These can be worth a thousand words. Make use of them. Note though, that just drawing a graph is not sufficient. You must also describe the salient features of your plots in words, in the body of your text. Put differently, you should not leave the work of interpreting your figures and data to the reader. Spell out what’s important in words. For example, when describing a time series plot of real GDP, you might write, “Figure 1 indicates that real GDP is characterized by an upward trend, with occasional periods of activity above and below that trend.” You might go on to describe the average growth rate of real GDP for various interesting subperiods of your sample, or you might report the growth rate of real GDP for a particular observation that is of interest. Etc.

8. **Write early and often.** Writing is a good way to organize your material and your own thoughts. It can be easy to fool yourself into thinking you know exactly what you want to say and how you intend to say it. Don’t fall into this trap - write your thoughts down in order to be sure that they are clear and concise. Take notes on what you read and begin writing paragraphs that you may (or may not) want to include in your paper. Pretty soon, you will have enough material to construct your first draft. I say draft in order to emphasize that drafting and redrafting and redrafting what you want to say is a very important part of good writing. To do this, you have to allow yourself enough time - see point 1 above about starting early.

9. **What exactly are you trying to say?** If you are not sure, imagine the confusion that your reader faces. Before you start writing, give some thought to what it is you want to say. Then, while writing, make sure that every paragraph has a point and that your paragraphs are related to one another. Finally, read what you have written *out loud*. Good writing has a conversational flow. This flow can often be achieved only by reading what you have written aloud and refining it carefully.

10. **Be objective.** President Harry S. Truman once complained that what he really needed was a “one-armed” economist. The reason? Economists are especially fond of saying “...on the other hand...” That is, economists like to consider all possibilities. Since the reader of your paper is an economist (me), you should bear in mind the economists’ preference for objectivity. On the other hand, you should avoid being too objective when your research or the data call for taking a strong stand on a particular issue. Another popular expression among economists is “it depends.” Feel free to use this expression a lot. You will find that it frequently characterizes all kinds of economic phenomena.

11. **Do not plagiarize.** Academic integrity is an integral part of the learning process. Without it, true learning cannot take place. Please visit UMBC’s academic integrity web site - [www.umbc.edu/integrity](http://www.umbc.edu/integrity) - and review the materials posted there if you have not done so already. Plagiarism is one of the easiest of all sins to avoid - do not engage in it. Here are the basic rules: if you use another author’s exact
words, place those words within quotation marks and provide a citation to the original source in the text of your paper. If you paraphrase what another author has said, then you do not need quotation marks, but you still need to assign proper credit with a citation in the text of your paper. A reference page that provides the details of the works you have cited should be provided at the end of your paper. The references should be sufficiently complete to allow your reader to easily seek out and find them. Paraphrasing requires work. Simply replacing an author’s original words with synonyms is not sufficient and does not constitute paraphrasing. To paraphrase appropriately, you must present the original author’s thoughts and contribution in your own words. Direct quotes must not be used; the wording and structure of the paraphrased passage should deviate substantially from the author’s original work. For examples of plagiarism and further suggestions on how to avoid it, visit the related link on my web page or search out other resources.

Direct quotes should be used sparingly. When writing a paper, original thought is required. A series of direct quotes strung together does not constitute significant original thought.

12. Referencing. There are many different citation systems and referencing styles. Most journals in economics require a format similar to that of Harvard/APA style. This style is also sometimes referred to as the “author-date” system - citations appear in brackets in the body of the paper and typically list the author and date of publication. A reference needs to do two things: (1) A reference should be complete enough to allow the reader to find the published source. (2) A reference should also clearly identify what portions of the text are being cited. Thus, a list of references attached to the end of a paper is not sufficient. The references cited must be referred to in some way throughout the text of the paper.

13. Spelling and grammar. Given the availability of spell checking software, there is no excuse for spelling errors of any kind. Grammar and writing style are also important. I encourage you to have a friend or two read your work and provide editorial comments. You may also want to use UMBC’s writing center. Non-native speakers should be sure to have a native speaker review their work and provide comments.

14. Misc. writing tips. (1) Don’t use the word “this” without a qualifier. For example, instead of writing “This is a good thing.” Write, “This assignment is a good thing.” (2) Use parallel construction. For example, don’t use the phrase “on the other hand,” if you haven’t previously used the phrase “on the one hand.” (3) Avoid overly long or short sentences. If a sentence is more than 3 lines long, it should probably be divided into two or more sentences. (4) Use “that” instead of “which” when possible. (5) Keep your verb tense consistent.