Senior Honor’s Thesis Seminar  
Economics 195A  
Fall 2014

Description: H195A is for senior Economic Majors who meet the GPA requirements of 3.3 overall and 3.5 in the upper-division economics courses and that plan to write and honors thesis. Econometrics is a prerequisite.

The goal of the seminar is for you choose a thesis topic, get data, write a prospectus, get an advisor, and start on your thesis. That’s a lot for fifteen (thirteen) weeks.

Independent research is very different from taking a lecture class. In lecture classes you can be passive. To do research you must take the initiative. My experience is that most students love research, some students hate research, but almost none are indifferent. If you love it then writing a thesis is a lot of work, but fun. If you hate it, then drop the course because a thesis is a lot of work and not fun for you.

Assignments: This class has team projects and individual assignments that must be turned in on time. The goal of the team projects is to get you to do small structured quantitative research projects. The team projects are problem sets for a thesis. The individual assignments are steps to constructing your thesis.

Team projects: The team is responsible for the exercise.

Team: A team can have a MAX of four students.

Team Projects: I give you a simple economic model and the null hypothesis.

Your team (1) gets the data and tests the hypothesis (2) writes a short (2-5 pages) paper that (a) specifies the model (b) clearly states the null hypothesis (c) and explains the results of your tests.

All teams must be prepared to present the project in class. I will select a few teams.

Individual Projects: Each student is responsible for individual assignments.

1. A 15 minute summary of an economic research paper which is:
   a. published in an economic journal within the last five years, or a working paper, eg, National Bureau of Economic Research (NBER).

      Published or working papers usually are technically difficult. But don’t be discouraged. The papers usually represent several years work. You have only a semester. The papers give you a model for presenting research.

   b. or a newsletter from a Fed Bank, or other organization e.g., http://www.frbsf.org/publications/economics/letter/
newsletters generally are not technically difficult—after all they are meant to communicate to a general audience. Newsletters do not represent a model for a thesis—but they are a great source for ideas.

If you choose a newsletter, then also present a summary of a senior honors thesis from a previous year’s class. You can get honors theses from previous years at the undergraduate advisor in 549 Evans and online at http://emlab.berkeley.edu/econ/ugrad/theses/index.shtml

This assignment is to help guide you to your topic. Everything should look interesting so you have to be selective.

2. The other individual assignments are to write a prospectus. The steps are in the syllabus. You write almost every week.

Turn in individual assignments by email.

Grades:
1. Grades are pass/not pass. Three late individual assignments and you do not pass. There are no excuses. Submit all assignments by email. I may also ask for a paper copy.
2. Find an advisor (have a faculty member sign the form as your advisor) and you pass H195A. If you find an advisor in September you pass! After you have an advisor you don’t need to come to class or do H195A assignments. Of course, if you come to class I’ll point you out as a success.

Time Line

August 29
Introduction: Summary of class and individual introductions

Individual Assignment #1: Due September 5.

(1) Introduce yourself to me in 300 words—background, interests, whatever you think is relevant. Put on a separate page. I want to keep your introductions separate from your ideas.
(2) Three ideas for a thesis—each with a 100 word description. Electronic copy and a paper copy so I can return with comments. This is first pass at brainstorming. Think about the topics but don’t obsess over them.

September 5
I explain the First Team project: Random walk model of stock prices
—due September 27

Malkiel*, JEP 2003 (Elmo’s Corner)
Shiller*, JEP 2003 (Elmo’s Corner)
Craine*, Notes on Random Walks and Mean Reversion (Elmo’s Corner)
Craine*, Notes on Gordon’s Formula (Elmo’s Corner)
Any good financial economics book, eg Bodie, Kane, & Marcus, Investments

Individual Assignment #2
Rewrite your three thesis ideas (or pick some new ones) applying the Mantra—interesting, model, data, test, results.
Choose a research paper (working paper or newsletter to discuss) and include the citation on your assignment.

September 12  Library tour  **Class Meets at Doe (Library)room 105**  This looks like another easy passive day—passive yes, easy no! Online access is the answer to your thesis and maybe your career—be a sponge, absorb everything.

September 19  We discuss progress on the efficient markets project. And several students will present a research paper.

September 26  Team Random Walk project. Each team turns in a 2-5 page write up of their project. Be prepared for a 15 minute class presentation. Bring your computer or flash drive. I will select 3 teams to present.

October 3  1. I explain the second team project: Forward Discount Puzzle: due October 25.

   **Craine* Economic Model and Assignment**
   Bodie, Kane, and Marcus, *Investments*, Chapter 23: Futures and Swaps
   Cavallo*, FSRB Economic Letter (2006), *Interest Rates, Carry Trades, and Exchange Rate Movements*
   Alvarez, Atkeson, and Kehoe, (2008), If Exchanges Rates are Random Walks, then Almost Everything We Say about Monetary Policy is Wrong, Federal Reserve Bank of Minneapolis Quarterly Review (Elmo’s Corner)

2. Individual Project: Turn in two pages describing your idea for your thesis and a summary of a relevant article you found on the topic using EconLit.
3. Be prepared to summarize a relevant article, newsletter, or working paper.

October 10  Individual Project: (1) Rewrite your thesis idea and summarize another article, or choose another idea and summarize an article on this topic. (2) Formulate an idea as a testable hypothesis and list potential data sources. (Getting the data comes next week.) Explain the hypothesis and how the data might be used to test it two pages or less. As always, be prepared to discuss your project, relevant papers, and potential data sources in class.

Class presentations of papers and news letters.

October 17  Individual Project: Retrieve some data that you could use to test the hypothesis in your thesis. Compute summary statistics (means, variances, covariances, etc) and graph the data. Do a two page write up of the data. Be prepared to present in class.

Discuss progress on Forward Discount project
October 24  
Forward Discount Puzzle team project due: Same format as project one—two-five page write up and be prepared for a class presentation.

October 31  
Happy Halloween—wear a costume  
Those that think they have a thesis topic: Write a three or four page paper presenting (1) the idea (2) why it is interesting (3) ways to test the idea—econometric or some other way to reject it (4) data sources, and (5) an annotated bibliography showing where your idea fits in the literature.

Those that don’t have a topic: Choose four ideas and write a two page essay for each— explain — (1) why they are interesting and (2) how they could be statistically tested or falsified some other way.

November 7  
Office hours for individual discussion—email sign up

November 14  
First draft of your prospectus is due. This is an 8-10 page paper that says (1) what the economic question is (2) why it is interesting (3) how it fits in the literature and (4) how you intend to answer the question.

Office hours for individual discussion

November 21  
Office hours for individual discussion

November 28  
Holiday

December 5  
Final draft of your prospectus is due. This paper must have (1) a clear exposition of the focus of this thesis (2) why one should care (3) empirical, or other ways to test the main hypothesis.

Class presentations.