

Term Paper Guidelines

The goal of your term paper is to apply macroeconomic analysis to a current event reported in the national press. As stated on the first day of class, one of the goals of this course is to get you to become economically literate. Reading and understanding articles on current macroeconomic issues is an integral part of this process. The term paper will be your first attempt at formal macroeconomic analysis, and it is our hope that you will continue to approach press articles in a similar way well after you have finished taking Economics 103.

1. Finding an Article

WHAT SHOULD I BE LOOKING FOR IN AN ARTICLE?

A good article for this term paper will explicitly discuss a macroeconomic issue. Before you decide on an article, ask yourself: Why would a macroeconomist be interested in this article? Which of the concepts that I learned in Econ 103 can I apply to this article? Can I draw some of the graphs that I saw in class to represent what is being described in the article? If you have clear answers to these questions, the article you found is probably a good one for the term paper. It is also important to check if you find key macroeconomic definitions in the title and text of the article. For example:

- “**Fed** expected to increase **interest rates** in response to **inflationary** pressures.”
- “President expected to present new **fiscal policy** in speech tomorrow.”

Your article may present a fact about the economy that is **consistent** or **inconsistent** with what you learned in class. In either case, you want to discuss what macroeconomic theory would predict in that particular situation. For example:

- “China devalues its currency, and it experiences an increase in exports.” This would be **consistent** with our models of the market for foreign exchange, and you would need to explain this model via descriptions and graphs.
- “The Fed reduces the interest rate, but aggregate expenditure does not rise.” This would be an **inconsistency** with what we learned about monetary policy, and you would need to explain what you would have predicted given your knowledge of interest rates and investment.

The article you choose must have been published during the current semester. We strongly recommend that you show your chosen article to your TA before you start writing your term paper.

WHERE DO I FIND AN ARTICLE?

If you are already receiving the Wall Street Journal, it is most likely your best source. Be sure to check the main section daily for relevant news. Other reputable sources of macroeconomic news include:

- The Economist (<http://www.economist.com>)
- The Financial Times (<http://www.ft.com>)
- The New York Times Business Section (<http://www.nytimes.com/business>)
- News and Press Releases from the White House (<http://www.whitehouse.gov>)
- Federal Reserve Board of Governors (<http://www.federalreserve.gov>)

Keep in mind that many of these resources are available for free through the UIUC library. For more information, visit the Library Gateway at <http://www.library.uiuc.edu>.

2. Structure of the Term Paper

COVER PAGE

Your paper should include a cover page that contains the following:

- Your name
- Your TA section (e.g. BQP – 1 PM)
- A title for your term paper. The title should provide the reader with a rough idea about the content of your term paper.
- The title, source, and date published of the article you are using for your term paper.

PART I – INTRODUCTION AND ARTICLE SUMMARY

This section should be no longer than one page. Summarize the facts and events from your article, and explain why they are relevant macroeconomic topics. You should not simply “copy and paste” the article in this section. Instead, you should summarize the relevant facts covered in the article and the point of view or opinion of its author (if applicable), using your own words and technical language (read: economic terms) learned in class.

Your introduction should also contain a thesis statement. Ideally, the thesis statement will specify the macroeconomic concepts you will use to analyze the facts and events in the article, and give the reader an idea about where your paper is headed.

PART II – THEORY REVIEW AND ANALYSIS

This section should be the “heart” of the term paper, about two to three pages. Discuss how macroeconomic theory helps you explain the facts and events in the article, using the tools, definitions, and graphs covered in class. For example, if the article claims that “government is cutting taxes to fight the recession,” you should be able to explain how this expansionary fiscal policy operates by increasing consumers’ disposable income, increasing consumption and thus increasing aggregate output via the tax multiplier.

If your article discusses an event that is **inconsistent** with macroeconomic theory, explain where the contrasts lie, and try to explain why the theory’s prediction failed in that case. Always be specific about the concepts you are using to discuss your article.

PART III – PERSONAL OPINION AND CONCLUSION

This section should be about one to two pages. Restate the main ideas you proposed in the second section, and provide a personal opinion about the article. Do you think that the contents of the article are consistent with macroeconomic theory? If the author of the article analyzes the situation, do you agree with him/her? Do you have any recommendations for the government in light of what is being covered in the article? Keep in mind that a strong opinion will use the tools and theory you learned in class to support your arguments.

3. Other important points

Your paper should be five to six pages long, and should be divided into the three parts described above. The beginning of each part should be labeled, and one blank line should separate two consecutive parts. The font used must be Times New Roman, size 12. The text must be double spaced, and the margins may not be larger than 1.25 inches. Papers that are not typewritten will not be accepted.

Whenever you first use a technical term in your paper, you must include a short explanation or definition. For example, if you state, “the article cites a study that found that the deficit response index is -0.2 ,” you should provide the definition for “deficit response index.”

Finally, a copy of the article you wrote about must be supplied with the paper, with the date of publication clearly printed.

4. Graphs, Tables, and Diagrams

Your paper must contain at least one graph. You may use as many additional graphs, tables, or diagrams as you think are necessary to better present your paper. All graphs, tables, and diagrams must be located at the end of the paper, in an appendix. Each graph should be labeled with a number and title (e.g. Figure 1: Shift in Aggregate Demand), and you should refer to them with these numbers in your text (e.g. “As can be seen in Figure 1, the aggregate demand curve shifts to the left...”). DO NOT include graphs as part of your text. Don’t forget to label all your axes and important points on your graphs.

The pages that comprise your appendix WILL NOT COUNT toward the five to six-page length requirement of your paper. Therefore, you may have as many graphs, tables, and diagrams as you need. Computer-generated graphs look more professional and are preferred, but hand-drawn graphs are fine.

5. Grading

The term paper will be graded on a scale of zero to one hundred, please refer to your syllabus to see the weight given to the term paper in your final grade calculation. Every paper starts out with 100 points, and will lose points for deficiencies such as:

- The article and concepts discussed in the paper are not related to macroeconomics,
- Improper use of economic definitions and theory, or the lack of usage when needed,
- Wrong interpretation or description of the article,
- Confusing writing, analysis, or explanation,
- Failure to follow the guidelines mentioned above.

Your term paper will receive an automatic zero if:

- The article was published before the current semester,
- The paper was handed in after the deadline,
- A copy of the article is not provided with the term paper,
- The paper is not typewritten,
- The text of the term paper is less than five pages or greater than six pages.

Your paper may also receive extra marks if, for example:

- The topic chosen is very interesting, original, and/or difficult to analyze but you handled it well,
- You used economic theory exceptionally well to explain the topic in your paper,
- You were creative in explaining your macroeconomic topic.

6. Final Remarks

The date by which you should show your chosen article to your TA, as well as the due date of the term paper, will be announced in class. The paper will be due at the beginning of class on the due date, and you must personally hand your paper to your TA.

If you have trouble with the actual writing of the paper, or if you feel like you need help with your writing skills, an important resource here at UIUC is the Writer's Workshop. The Workshop provides personalized help to students in need of writing assistance. According to their website (<http://www.english.uiuc.edu/cws/wworkshop>):

"The Writers' Workshop, part of the [Center for Writing Studies](#), provides free writing assistance for [University of Illinois](#) students, faculty, and staff from all disciplines and at all stages of the writing process. Discuss your writing with consultants who are experienced writers and teachers of writing. Call (or drop-in) to set up a 50-minute session at one of the four Workshop locations."

If you have any questions, comments, or concerns, please contact your TA before starting the paper.