Collin County Community College District
APPLICATION FOR SABBATICAL LEAVE

Instructions
Please complete this application by responding to all items. Attach requested documentation (in the order requested) and secure the appropriate signatures prior to submitting the application to the chair of the Sabbatical Committee. Please submit the original and 10 copies.

Name  Mikel W. Cohick

Title  Professor of Economics  Division Business, Information and Engineering Technologies

Have you ever been granted a sabbatical? No  If yes:  Date: ________________________________

Please provide a brief description of your previous sabbatical project:

Sabbatical Leave Period Being Requested

Dates:  Beginning Date September 2008  Ending Date December 2008

Length:  [X] One semester  [ ] Two semesters  [ ] Other ________________________________

Applicant's Agreement

ABSTRACT
Please give a summary description of the project and its significance in a language that can be readily understood by persons in areas of expertise other than your own. PLEASE DO NOT EXCEED SPACE PROVIDED BELOW

I propose to examine the feasibility of a one-semester long student project for the macroeconomics classes. Currently, the discipline uses a teaching model that is not realistic to use in a real-world situation. In order to develop a model that can be used in the real world, I need to evaluate the many data streams that are available on-line for student use, how one specific pair of variables from these data could be used to construct a practical model of the economy, whether or not this model could accurately demonstrate historical economic events, and whether or not this model would be of significant value for students to use in a classroom research mode.

One possibility is to use the two most newsworthy variables, the unemployment rate and the inflation rate. This approach was used in the past but was abandoned after the 1960s, when it was replaced by approaches that cannot be used in daily practice. The principal reason it was abandoned was that it no longer supported the pet theories of the day. Worse, it tended to support the more heretical theories not readily accepted by mainstream economists. I am politically neutral in this in-house tug-of-war. I am more interested in finding a valuable teaching tool. I want to develop a tool that can capture the essence of the dynamic movements of the economy in terms that students can grasp and appreciate, be simple enough for students to operate at the start of their economy learning process, and generate significant results that will convince students that real-world economics taking place all around them is of vital importance to them and their future.
APPLICATION FOR SABBATICAL

MIKEL W. COHICK, PHD
Professor of Economics
Division of Business, Information and Engineering Technologies

I am applying for a one-semester sabbatical leave to be taken during the Fall Semester 2008.

The focus of my proposal is classroom research: to develop a new delivery modality which would include a semester-long student-based research project using historical and current economic data obtained on-line to use a real-time tracking model of the economy. The outcome would be a more clear understanding of how the nation’s economy works.

The principal element of my sabbatical research is to more fully investigate the collection, timeliness, and accuracy of real-time economic variables. My goal is to develop a classroom research project that would enable macroeconomics students to gain experience by tracking movements in the nation’s economy, both during the semester, that is, real-time, and during historical movements in the economy, such as the “guns and butter” days of the late 1960s, the “oil shocks” days of the 1970s, and the productivity growth days of the 1980s and 1990s.

What are the problems? The first problem is a combination of volume and veracity. The government and private agencies produce and disseminate a huge amount of data each month. Very little is publicized about the completeness and accuracy of this data. Media exaggerate the importance of each new piece of data. Students need to be able to evaluate the accuracy and value of the data. The second problem is that the current conventional macroeconomic model, taught in every economics class in the nation, is useless in enabling the students to analyze current or past economic conditions. Because of the variables chosen in the standard model, it is incapable of showing several movements that actually occur, such as decreasing inflation rates, or disinflation.

I propose to concentrate on the two most newsworthy variables, unemployment rate and inflation rate. I propose to evaluate these two variables as a basis for a macroeconomic model that accurately describes current economic movement, effectively describes past economic occurrences, and possibly might be a basis for short-run economic forecasts.

This approach was in vogue in the 1960s. The model was based on the Phillips Curve. It went out of favor in the 1970s as several “shocks” to the economy destroyed the beauty and simplicity of the model. However, rather than analyzing what exactly happened and incorporating the results into the model, the movers and shakers in the discipline either simply abandoned the model or created a façade over the model by “shoehorning” artificial constructs onto the model. As a result, the model was shunted to the sidelines and used only to support pet economic theories while it was replaced by the current
model that, while a useful teaching model, cannot stand up to the reality of being used for analysis of current economic situations.

A model based on the Phillips Curve uses the unemployment rate and the inflation rate as the two principle variables. In such a model, there are four possible trends in economic change: (1) unemployment rises and inflation falls; (2) unemployment falls and inflation rises; (3) both unemployment and inflation rise; and (4) both unemployment and inflation falls. The first two are generated by changes in the spending patterns of the economy, especially the spending of consumers, businesses for investment purposes, and government. These are short-run influences. The last two are generated by changes in the capacity and the incentive of the economy and its participants to produce. These are long-run influences.

Of great significance to the redevelopment of model based on the Phillips Curve is the accuracy and the timeliness of the data used.

In order for this approach to be of value in the classroom the following aspects must be evaluated:

1. Of the many pieces of economic data published monthly or quarterly, how do they differ in accuracy of measurement, variability, and timeliness of report? Based on these criteria, which variables are the better ones to concentrate on?

2. When using such data on a month-to-month basis, does the “jitter” in the data from month to month obscure true economic trends?

3. Can significant economic activity of the past be accurately described using the two economic variables selected for this model?

4. Can current economic trends be spotted and explained using the two economic variables selected for this model?

5. Would students derive significant insight into the workings of the nation’s economy using this model?

6. Can a project that lasts only one semester long cover enough ground to significantly show how the economy is changing? How far back in the recent past will the students have to go to get a useful set of data?
(ABBREVIATED) BIBLIOGRAPHY


 Federal Reserve Bank of Dallas: www.dallasfed.org

Op-Ed articles (demonstrating the media use of economic variables):
 Wall Street Journal
 The Economist
TIMETABLE
Fall Semester 2008

September:
Review literature and gather monthly and quarterly data.

October:
Develop the model using historical data.

November:
Analyze the results to insure consistency with real-world events.

December:
Develop a semester-long student project in which students would analyze significant historical events and track current economic activity.