

Principles of Economics Research Project Topics, Fall 2008

For each topic be sure to present data to illustrate the question/problem. Where possible, present data to illustrate the effectiveness of an existing policy or policy proposal. Provide brief historical synopses where they aid in the analysis, including the presentation of data and / or notable case studies to illustrate. In your analysis, be sure to address important institutional factors such as changes in tax rules, government policy, treatment of property rights, important court decisions, etc. (e.g. if you were writing a paper on downtown redevelopment initiatives, it would be important to discuss the Supreme Court decision in the Kelo case in 2005).

1. Why Can't You Get Your Pay TV A la Carte?

No U.S. cable or satellite TV provider offers a la carte plans. For example, in order for me to get the Golf Channel from Time Warner Cable, I have to subscribe to Basic Plus programming that forces me to get MTV, Oxygen, FX and dozens of other channels I have no interest in watching (nor does anyone else in my family). Using microeconomic concepts, explain why consumers might be forced to purchase bundles of channels. How might the impact of competition from online and mobile sources impact these policies and conclusions? Compare and contrast the current television viewing experience of consumers with those from 40 years ago. Hypothesize on the effect of TiVo and other methods of digital recording on the cable/satellite business and pricing models of these providers. Illustrate the problems with offering a la carte programming in the current business environment.

2. Should Consumers Purchase Extended Product Service Plans?

Customers (particularly of electronics and home appliances, but increasingly of other products) are regularly confronted with the decision to buy service plans on their newly purchased goods. Should they do it? Why or why not? What role does information play in such an analysis, and how might these challenges be addressed? Why do businesses offer these plans?

3. What Can be Done About Gas Prices?

In an extremely short period of time the price of a barrel of oil increased from \$60 to over \$140, while gas pump prices rose to above \$4.00 per gallon. It was less than 15 years ago that oil prices stagnated near \$10 per barrel and gas prices were hovering near \$1.00 per gallon. Explain using microeconomic concepts what has contributed to higher oil and gas prices. Explain how a shock to the energy markets might affect the economy today as compared to how it impacted the economy in the 1970s – be sure to discuss how it affects a “typical” family. What might be done in the short-run to decrease gas prices? The long-run? Briefly evaluate the merits of current policy proposals on their ability to affect energy prices.

4. What if Mad Cow Disease Struck the U.S.?

When mad-cow broke out in Great Britain, almost 30 individuals were killed, and nearly 4 million cattle were destroyed – almost eliminating the entire cattle industry of Great Britain. There are over 100 million cows in the United States.

Explain the consequences of this outbreak in Great Britain. Is there anything the United States could do to prevent this outbreak? What are the potential consequences of such an outbreak on the beef market? On other markets? What difficulties would we have in implemented policies to prevent it?

5. **Is the American Manufacturing Sector being “Hollowed-Out”?**

What does it mean that the American manufacturing sector is being hollowed-out? Provide evidence, and be sure to define terms. Provide analysis on the dislocations that such hollowing-out might or might-not have caused. What are the short-run and long-run implications on the American economy – including labor markets, consumer prices, standards of living, and other factors? Present data on at least two other countries – one must be a developing nation, the other a developed nation. How does their experience compare to that of the United States?

6. **Are Volunteers Good for America?**

What impact does volunteerism have on American labor markets – including wages, employment and hours worked? Are particular groups of people in America more or less impacted by volunteerism? Are there institutions in place that have encouraged current levels and types of volunteerism and prevented others? How has it impacted the structure of industry and government activity? How might the demographic changes expected in the next 30-50 years in America affect the role that volunteers play in society?

7. **Are Pay-Day Loans, Rent-to-Own Stores, and Credit Card Companies Exploiting American Consumers?**

Prices and interest-rates are high in these businesses, does this imply that consumers are being exploited and companies are making “excessive” profits? Analyze the impact of these industries on the consumers they serve and those they do not, as well as traditional businesses. Be sure to discuss the business practices of these businesses (such as “bait and switch” techniques, use of double billing cycles, etc.) as well as the economic conditions of the consumers who patronize them.

8. **Should College Athletes Be Paid?**

In formulating your argument, be sure to address the economic and political interests of all major stakeholders, and both the expected short- and long-run affects of any policy recommendations you make. Good papers might reflect on the role that athletes play in the intellectual life of college campuses, and whether policies might be put in place on the academic side to address your research findings.

9. **Evaluate the Causes and Consequences of (Traffic) Congestion Pricing**

The city of London, England has raised the price of driving in the city above zero – by requiring automobiles entering the city to pay for use of city roads. The charge varies based on time of day, type of car, and day of the week. Discuss the problems this program is intended to alleviate; why those problems existed

in the first place; and the successes and problems with the congestion pricing scheme in London, or other cities.

10. What if Bird-Flu Struck the U.S.?

The Avian Influenza Virus is deadly to the fowl that contract it. While there is no known mechanism for the disease spreading from animals to humans, epidemiologists and policy makers are extremely frightened by the potential for an outbreak in the human population. Explain the consequences of such an outbreak in the United State. Is there anything the United States could do to prevent this outbreak? What are the potential consequences of such an outbreak on the labor market? On other markets? What difficulties would we have in implemented policies to prevent it?

11. Is Commercial Society Complementary to, or Anathema to, Culture?

You may focus on one aspect of culture (art, language, literature, etc) or take a broader approach. Does the marketplace and exchange corrupt artists? Does an integrated global market erase the world's plurality? Does it help or hinder the development of aesthetic tastes? An interesting analysis could be to compare the influence and prevalence of restaurant chains versus other types of restaurants in the U.S. or elsewhere. What role can/does government support for cultural activities play? Is it more or less important as commercial societies mature and grow wealthier?

12. Are Professional Sports Teams and Sports Arenas Good for Local Economic Development?

Nearly \$10 billion in subsidies have been showered upon professional sports franchises by state and local governments in the past 15 years in an effort to construct new facilities, or to attract (or retain) franchises themselves. These projects are typically justified on the basis of local job creation and other positive economic impacts. What does the empirical evidence suggest about the relevance of these claims? How do localities choose development projects and which specific groups influence the decisions that ultimately are made? What lessons can be learned for other economic development initiatives?

13. Has the Earned Income Tax Credit (EITC) Alleviated American Poverty?

The EITC is a program that pays low-income workers a small amount of money for every hour that they are employed in the labor market. This program stands in stark contrast to traditional welfare programs. Compare and contrast the EITC to the AFDC program in America. What are its advantages? Disadvantages? Has the EITC done anything to alleviate the poverty problem in America? Why or why not? What impact does the EITC have on low-skilled labor markets in general? And on skills acquisition of those eligible for the credit. Can you recommend improvements to the system?

14. What is the Impact of Violence in the Media on Crime?

You may focus on one type of media, or pick several – including movies, the internet, TV, video games, popular music, art or other sources. What are the short-run and long-run affects? Be sure to describe how violence is defined, and

address how such violence has changed over time. What impact does this violence have on overall economic activity?

15. Should We Allow a Market in Transplant Organs?

Roughly 70,000 Americans are on the waiting list to receive a kidney. This is because the sale of transplant organs is illegal in the United States. Only free-will donations of organs are permitted. Present and analyze at least three different policies for dealing with such a shortage. Be sure to describe the costs (seen and unseen / pecuniary and non-pecuniary) and benefits of each policy. Compare and contrast these policies with a market for organs. What institutional arrangements would you recommend be put in place if the ban were lifted?

16. What Does Wal-Mart Do to the Economy? Do Low Prices Cause High Costs?

What are the economic impacts of so called "big-box" retailers, particularly Wal-Mart? Do these organizations represent the "lowest common denominator in the treatment of working people" as the Democratic Staff of the House Committee on Education and the Workforce exclaim? Or is it something else? Outline the *economic* arguments for and against such stores and carefully present the existing empirical evidence on these effects.

17. What is the Impact of the Fair Trade Coffee Movement?

Describe the Fair Trade Coffee movement. Who is intended to benefit from such a program? What does the evidence suggest about the success of such programs? What are the short-run and long-run economic impacts of such a program on coffee-farmers? Their children? What environmental impacts might such a program have? Compare this program with others intended to aid lower-income individuals in developing nations.

18. Why Does College Cost So Much?

What are the causes and consequences of high tuition at America's colleges and universities? What policies, if any, would you put in place to address this issue? Evaluate the success of current policies intended to help families cope with these costs. Place the current costs of attending various types of college in historical and economic perspective.

19. How Serious is the Problem of Offshoring?

Professor Alan Blinder estimates that up to 29 percent of all U.S. jobs are or will be susceptible to "offshoring" in the next one or two decades. Offshoring is the migration of employment from the U.S. (and other rich countries) to other (mostly poorer) countries. In a workforce of roughly 140 million people, this represents 40 million jobs "lost." The research created quite a stir not just because of its magnitude but because it purports that high wage and high skill level jobs (such as scientists, engineers, editors, etc.) are as offshorable as jobs traditionally thought to be at risk of leaving the United States. What is the economic significance of his findings (i.e. compare these estimates to job gains and losses due to other economic activities in the US economy)? What are the major drivers of job change in the American economy? Provide examples.

Describe the short- and long-term benefits and costs of off-shoring. Are Americans more or less susceptible to off-shoring today than they were in the past? Hypothesize on the impact of the off-shoring threat in the future.

20. Are CEO's Paid Too Much?

Present the arguments for and against high levels of CEO compensation. Analyze CEO compensation in historical perspective. What factors have led to the explosion in CEO compensation (it might be useful to think about whether these factors were present in the past or not, and if not, what has changed)? Provide policy suggestions for dealing with this issue. Evaluate the impact of executive compensation on the labor market for top-talent, on the rate of new business formation and on the American and international economy in general.

21. Should You Recycle? And if So, What?

In addition to the analysis, be sure to address the historical precedents for recycling initiatives (if there are any) and briefly describe how recycling efforts in other countries differ from those in the United States.

22. Why Do College Textbooks Cost So Much?

A full-version of the text for this course, if I chose to adopt it, would have cost nearly \$200. Why have college-textbook prices escalated? Is the real cost of college textbooks to students different from the bookstore list price? Discuss the role that technology has played in contributing to high costs ... and the role it can play in mitigating high costs in the future.

23. Is Religious Fundamentalism Rational?

Provide an economic explanation for the success of "extreme" or "fundamentalist" or "conservative" religious groups and the relative weakness of more "liberal" or "mainstream" groups. You may either look solely at American religious activity or activity at a global level.

24. Provide an Economics Explanation for America's Relative Religious Vitality and Europe's Relative Religious Decline

What is the relationship between religious trends, the personal and social determinants of religiosity, and the relationship between religious and political/social/economic attitudes?

25. Should Parents Use Cloth or Disposable Diapers?

26. How Do Unskilled Immigrants Impact the American Economy?

Many people believe that an influx of unskilled immigrants into the U.S. economy has imposed large costs on the larger society, including job loss by native workers and lower investment in labor-saving technology. Many claim that immigration increases utilization of the U.S. welfare and social services system intended for (and paid for by) citizens. Others feel differently. Evaluate the impact immigrants have on low-skilled American born workers. In addition, evaluate the impact immigrants have on the labor market at large, American consumers, and the broad economy.

- 27. Should Drilling be Permitted in the Artic National Wildlife Refuge?**
As I write, Congress is again debating whether to permit offshore drilling in ANWR. Evaluate the economic and institutional forces at work, and whether permitting drilling is in the best interests of the typical American citizen.
- 28. Evaluate the Energy Plan of Oklahoma Oilman, T. Boone Pickens.**
A recent Wall Street Journal Story can be found [here](#).
- 29. What Has the Rise of the Internet and Advanced Telecommunications Done to Traveling, Commuting, Residential Location, and Labor Markets?**
Be sure to address the theoretical expectations and how they are confirmed or refuted by the data.
- 30. What Role Should Advertising Play (or Does it Play) in the Current American Economy?**
A history of advertising and its purpose would be useful to augment the analysis. Evaluate the impact of advertising on the types and sizes of businesses, and how economic activity influences what advertising methods will prevail and vice versa. Evaluate the criticisms of advertising from both a short-run and long-run economic perspective. Compare the ability of individuals to gain from advertising and to avoid unwanted advertising in 2008 with individuals from earlier eras.
- 31. Why Did Canada Reduce its Supply of Physicians?**
Canada's efforts to reduce its supply of physicians may have gone too far (2000), and now medical educators are scrambling to avoid a shortage. Government officials announced plans to increase medical school enrollments and to spend millions of dollars more on medical education. Why did Canada reduce its supply of physicians? Did Canada try to maximize its social welfare? Or just physicians' welfare? What were the impacts from the policy? Use a simple demand supply analysis to discuss this issue.
- 32. Why are Some European Unemployment Rates so High?**
Unemployment rates throughout the European Union (e.g. France) are well higher than that which prevails in the United States. Even when their economy is booming, the EU rate is over 2 percentage points larger than the American rate. Explain why the labor laws in the E.U. may be causing this higher rate of unemployment. European firms have a much heavier weighting of capital in their production processes than in the U.S., explain why. What impact might this have on productivity data?
- 33. Gas Prices and Automobiles**
The recent increases in gas prices have created an uproar across the United States. Until very recently sales of SUV remained very popular, despite their reputation for guzzling gas. With gas prices near \$4.00, what will happen to the sales and production of SUV's? Compare your conclusions to real world data on the sales of and production of SUV's. In other words, what would you expect to

happen, and what is actually happening? What would you expect to happen, in the long-run, to the relative cost of owning an SUV as compared to the cost of owning a more "economical" car?

34. How Can We Mitigate Cigarette Smoking in Youngsters?

A recent NBER working paper by two University of North Carolina economists advocates an increase of \$1.00/pack in cigarette taxes. The authors assert that this will reduce the likelihood of eighth graders smoking by half. Describe the cigarette demand model these authors use. What do their estimates imply about the elasticity of demand for cigarettes by young smokers? Provide an analysis of the economic reasoning that leads to using taxes to control behavior. Find other estimates of the sensitivity of smokers to the price of cigarettes. Are these other studies consistent with the UNC study? Explain any important differences. What are other possible long-run effects of high cigarette taxes on smokers' behaviors?

35. Repeal the Gas Tax?

During the spring of 2008, as gas prices began their historical march upward, many politicians suggested that the federal (and various state) gasoline tax be repealed. Proponents asserted that the repeal would alleviate the pressure on consumers from rising prices. Describe the gasoline market assumed by these proponents. What would be the economic impact of a gas tax repeal? Who would be made better off? Worse off? What do these proposals assume about the elasticity of demand for gasoline? Supply elasticity? What are the possible long-run effects of repealing the gas tax on drivers' behaviors? On government behavior?

36. 10 CDs for a Penny! Really?

How do record clubs work, such as Columbia House or BMG? Why do many artists object to the practices of record clubs? How can artists combat record club practices? How do small record dealers compete with big record clubs? How can the legal system resolve some of these problems? How has the emergence of digital and MP3 technology affected record clubs? The music industry?

37. Riding the Pineapple Express

Why was there a substantial decline and subsequent rise in high school marijuana smoking? How important are price elasticities as compared to the effects of better education regarding the risks of teen marijuana use? Can the study of drug consumption be used to explain activities in other markets?

38. Do Unions Cause Higher Wages?

Do the efforts of unions result in higher wages for their members? What about workers that are not able to join unions? Evaluate the claim that the rapid wage gains enjoyed by American workers during the middle of the 20th century were attributable to unions, and the slowing of these gains in the past 25 years is due to the decline of union power. What other economic impacts do unions have? Particularly good case studies might include an analysis of the steel industry, automobile industry, airline industry and elementary and secondary education

industry.

39. Can a Charitable Organization be Run as a For-Profit Enterprise?

Are there any examples of such organizations today in America or internationally? What are the challenges that such an organization would face that typical charities would not face? What would be the advantage of such organizations over existing non-profits? Are there certain types of industries where such a model might prosper, and others where it would not?

40. Can Microfinance Help the American Poor?

Muhammad Yunus won the Nobel Peace Prize in 2006 for his visionary founding of the Grameen Bank of Bangladesh. The Grameen Bank specializes in making extremely small loans (called microloans) to poor women in developing countries – individuals who would normally be shut out of credit markets. Evaluate the operation and success of the Grameen Bank, and analyze whether a similar program could be a cure to America's own poverty problem. Do institutional differences between the United States and developing nations improve or hinder the prospects of such a model working in the United States?

41. Can the Volt Save General Motors?

Chevrolet (a unit of General Motors Corporation) is taking an enormous risk by investing in, and promising delivery of, an effective "plug-in" car by 2010. Evaluate the prospects of success for the Volt. Keep in mind the role that government policy plays, that the pace of development of alternative energy plays, that current and expected prices of energy and other commodities plays, as well as myriad other factors.

42. What Has Happened to Automobile Efficiency?

You should begin your analysis no later than 1975. What has happened to the fuel economy of automobiles? What factors have led to these changes? What do the data suggest are the prospects for the future of fuel economy? Characterize how automobiles have changed over this time period, and the factors that have contributed to these changes. Be sure to address the many different varieties of cars. Good papers will also analyze the market and corporate structure of the automobile industry and how consumer preferences are able to be both anticipated by them, and reflected by them. Come up with a measure of automotive "efficiency" and demonstrate how that has changed over time.

43. The Economics of Occupational Licensing

It is well known that the share of American workers that are unionized has fallen substantially throughout the latter 20th and early 21st centuries. Document these trends, and hypothesize why this might be the case. The second half of the paper should address the concurrent changes in occupational licensing in the United States. If data for the entire country are not available, find data for a state, city or county to represent the overall trends. Provide an economic analysis of the impact occupational licensing has on wages (and *whose* wages), employment, prices and economic activity.

44. Compare and Contrast the Massachusetts, Maine and Tennessee Health Care Plans

Be sure to describe the specific problems each was intended to solve, and by what means they were attempting to solve it. Evaluate the success of each plan along a variety of dimensions. What elements are useful models for a potential national health care plan? What elements are to be avoided?

45. Should Sirius and XM Be Permitted to Merge?

XM Satellite radio and Sirius Satellite radio have been interested in combining for several years, but the transaction has been held up by a government agency worried that the combined entity would hold excessive monopoly power and threaten American consumers. Evaluate the basis for this claim from an economic perspective.

46. Compare the Largest Companies and Richest Americans from the late 19th century, mid-20th century, and today.

What do the data suggest about the role that market power plays in American society? Select one company and one individual from any era. Determine a metric of how much value they created for American society as a whole as compared to what they were able to reap for themselves. Are there any common themes among those companies and individuals that were most successful historically and today? What are the major distinctions?

47. Explain the Current "Sub-prime Mortgage Crisis" to a Lay-Audience

Provide data on where we are today and how we got here. Assuming the knowledge that we have today about the financial industry and the mortgage problem, what regulations or reforms would you have put in place 10 years ago in an effort to forestall or prevent the current crisis? Evaluate both for the run up to the crisis, and for the major rescue provisions since the crisis erupted in August 2007, who were the major winners and losers in both the short-term and the long-term.

48. Should Local Communities Enforce "Buy Local" Statutes?

My former hometown of Pittsfield, MA is considering adopting a statute forcing the public schools in the city to purchase agricultural products sourced *only* in Pittsfield, MA. Evaluate proposals such as the one in Pittsfield, and perhaps more ambitious proposals to have entire communities consume and produce everything from within its local area – such as those espoused by the E.F. Schumacher Society.

49. Are American Families Degenerating?

Analyze what has happened to marriage, family formation and divorce in the United States since at least the turn of the 20th century. What are the popular interpretations of the patterns you identify? What are possible economic explanations for the patterns? How might expected demographic changes in the United States in the next 25-50 years be expected to affect the institution of marriage? In your analysis, be sure to address the likely direction of causality.

50. Should the Internet Be Regulated?

YouTube now uses more bandwidth than the entire internet did in the year 2000. The Internet is perhaps the most liberating force in generations, freeing people to use and share information however they like; the digital world has grown through innovation and risk-taking by entrepreneurs and companies. The government has historically stayed out of the internet business. Many Internet activists now want the federal government to regulate the Web. They do so in the hope of maintaining the open Web. For example, the FCC announced that it will replace market solutions with regulatory review. The case involved Comcast's effort to deal with the problem of resource allocation on the Web -- which is that at peak times, 5% of Internet users use 90% of the available bandwidth. Address this issue and offer possible solutions. Outline other pressing issues regarding internet usage and content generation and what economics can add to the discussion.

51. What is Happening to the Female-Male Wage Gap?

Analyze what has happened to gap in wages and compensation (broadly defined) between females and males in the United States since at least World War II. What are the popular interpretations of the patterns you identify? What are possible economic explanations for the patterns? How might expected demographic changes in the United States in the next 25-50 years be expected to affect the gap? In your analysis, be sure to address the likely direction of causality.

52. Unskilled Workers and Trade

What do economists generally think about the effect of trade on the wages of unskilled workers in rich countries? If there are disagreements, characterize their nature. What economic arguments lead to the hypothesis that unskilled wages will fall in rich nations if they trade more extensively with poorer countries. Present the empirical evidence for the size of any effects and characterize the explanations for the differing sizes of such effects.

53. Is Home Ownership a Good Investment?

Has home ownership been a good investment historically in the United States? Be sure to define what you mean by "good." Does it matter who you are talking about, or where in the United States you are referring to?