INSTRUCTOR: Art Goldsmith, Jackson T. Stephens Professor of Economics

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CLASS TIMES: Monday, Wednesday, and Friday: 1:00-2:00 (F hour)-Section 1
Monday, Wednesday, and Friday: 2:00-3:00 (G hour)-Section 2

CLASS LOCATION: Williams School, Room 235

OFFICE HOURS: Monday, Wednesday, and Friday: 8:30-10:00, and 3:00-4:00
or by appointment. To make an appointment please see me before or after class, leave a message on my door, call my office at 458-8970, or leave an e-mail message.

OVERVIEW

The purpose of the course is to use economic reasoning and analysis to better understand a wide range of contemporary social problems. The course is organized as a seminar. Each class period participants will discuss an article, typically from the Journal of Economic Perspectives, on a designated socio-economic problem. Class discussion will focus on three elements. First, what is known about a particular problem? Second, the predictions generated by analysis of formal socio-economic models about the causes and consequences of this problem. Finally, whether evidence is consistent with the predictions of the formal model. Interdisciplinary perspectives will be weaved into every aspect of the discussion. Topics covered include issues pertaining to: poverty, education, health care, race, property rights, immigration, crime, fiscal policy, social security, and corporate performance and transparency.

REQUIRED READING AND PARTICIPANT RESPONSIBILITIES

Mimeographed course Reading Pac (to be purchased from the Secretary)

Wall Street Journal (sign up in class for delivery)

It is imperative that members of the seminar read the assigned readings in a timely (i.e., by the time class meets) and a professional or thorough fashion, since seminars only work when
students are prepared. Members of the seminar will be asked to fill out an Overview Paper Form for each assigned reading prior to attending class (the form is provided by the instructor). The “Form” asks students to: identify the questions examined in the paper, describe the economic model presented in the paper, set out the key findings of the paper, identify shortcomings of the analysis conducted in the paper, and to reflect on how the analysis might be extended. Completion of the Overview Paper Form is a student’s ticket to attend class. Overview Paper Forms are to be kept in an Overview Notebook (a 3 ring notebook) which should always be brought to class. On occasion, student Overview Notebooks will be collected for examination. This requirement of the course is aimed at ensuring lively and insightful discussion during meetings of the seminar.

PROBLEM AND POLICY PAPER

Seminar participants are required to produce a “Problem and Policy Paper” over the course of the term. Students must start by identifying a socio-economic problem and obtaining approval for the topic from the instructor by Monday February 2nd (the beginning of the 5th week of the course). Students are expected to read a few professional (i.e., journal) articles on their topic as well as material available in the media or off the web. Given this background students are to prepare a 5-8 page Problem and Policy Paper that must follow the following structure:

I. Introduction
   This section must identify the problem to be examined and must make the case for why this is a problem.

II. Literature Review
   This section describes what is known about this problem in the professional literature and through journalistic (i.e., news media and web) sources. Evidence on the questions you are examining and related questions should be cited along with a brief description of the data used in these studies and the type of analysis conducted.

III. Theoretical Model
   Set forth (in blue or black ink) a graphical model that you will use to generate insights about the socio-economic problem your paper addresses.

IV. Analysis of the Model
   This section must contain a discussion of the impact of one or more ceteris paribus violations (drawn in red or green) to obtain insights about the cause and consequences of the socio-economic problem you have chosen to examine. You should draw some conclusions based on your inquiry.

V. Policy Recommendation(s)
   This section should set out one or more policy recommendations to address (i.e., reduce and possibly eliminate) the socio-economic problem examined in the paper.
The *Problem and Policy Paper* is due at 5:00 p.m. Friday March 26\textsuperscript{th}, 2004. Students are expected to provide the instructor with an update on the status of their paper on Friday February 13, 2004 (the last day of class prior to the mid-semester break. Seminar participants are expected to schedule a formal meeting with the course instructor between Monday February 23\textsuperscript{rd} and Monday March 8\textsuperscript{th} to show the instructor the model they are working with in their paper and the *ceteris paribus* analysis they are conducting (of course students are welcome to discuss their work with the instructor during normal office hours as often as they like). Failure to complete this part of the paper project in a timely fashion is deemed a serious offense! The paper is due by the end of the working day on March 26\textsuperscript{th}, 2004--no exceptions!!

**GRADING**

Final grades are based on a weighted average of midterm exam (25%), final exam (25%), research paper (25%), and class participation-preparation (25%).

**COURSE SCHEDULE**

Class #1: Monday January 5, 2004
   No Class

   *How We Learn and How Economists Think*

Class #2: Wednesday January 7, 2004
   **Reading**

   **Class Discussion**
   Course Overview
   Scientific Method
   Examples of Questions
   Leamnson paper

Class #3: Friday January 9, 2004
   **Class Discussion**
   Review of Fundamental Economic Models
   Supply and Demand
   Production Possibility Curve; Production Function
   Marginal Benefit--Marginal Cost
   Equal-Marginal rule
   Indifference Curve Analysis
   *Ceteris Paribus* Violation (the only game in town)

   *Empirical Evaluation: Skills and Issues*
Class #4: Monday January 12, 2004

**Reading**

**Class Discussion**
First half of Sjoquist, Schroeder, and Stephan.

Class #5: Wednesday January 14, 2004

**Class Discussion**
Second half of Sjoquist, Schroeder, and Stephan.

### Economic Well-Being: A Domestic Overview

Class #6: Friday January 16, 2004

**Reading**

**Class Discussion**
First 2/3 of Blank paper.

Class #7: Monday January 19, 2004 (Martin Luther King Holiday)

**Reading**

**Class Discussion**
Last 1/3 of Blank paper, and Darity paper.

### Economic Well-Being: An International Overview

Class #8: Wednesday January 21, 2004

**Reading**

**Class Discussion**
Besley and Burgess paper.

**Special Joint Class Meeting:** Thursday January 22, 2004
(7:00-8:30, Williams School, Room 327)
Craig Richardson, Professor of Economics (Salem College, NC)

Reading

Krueger, Alan, B., (January 9) 2003. “Squatters and Land Titles in Peru,” Essay-

Class Discussion
Richardson paper
Krueger essay

The Economics of Education

Class #9: Friday January 23, 2004
Reading
Card, David, and Alan B. Krueger, 1996. “School Resources and Student 
Outcomes: An Overview of the Literature and New Evidence from North and 
South Carolina,” Journal of Economic Perspectives, 10(4), pp. 31-50.

Class Discussion
Card and Krueger paper.

Class #10: Monday January 26, 2004
Reading

Excuses: Closing the Racial Gap in Learning by Abigail Thernstrom and Stephan 
Thernstrom (Simon and Schuster), New Republic, pp. 44-50.

Class Discussion
Krueger paper
Glazer paper--time permitting

Class #11: Wednesday January 28, 2004
Reading

Class Discussion
Glazer paper
Currie paper

Paper Alert
Policy Paper topic must be approved by Monday February 2nd

Class #12: Friday January 30, 2004
No Class--Mock Convention
Class #13: Monday February 2, 2004

**Reading**


**Class Discussion**
Neal paper

Class #14: Wednesday February 4, 2004

**Reading**


**Class Discussion**
Ladd and Neal papers

Class #15: Friday February 6, 2004

**Special Joint Class Meeting:** 1:30-3:00, Northen Auditorium
Diane M. Whitmore, Harris Graduate School of Public Policy Studies, University of Chicago; and Robert *Wood Johnson Fellow*, School of Public Health, University of California at Berkeley.

“*Would Smaller Classes Help Close the Black-White Achievement Gap?*”

**Labor Market Outcomes: Race, Ethnicity, and Gender**

Class #16: Monday February 9, 2004

**Reading**

**Class Discussion**
Darity paper

Class #17: Wednesday February 11, 2004

**Reading**
Class Discussion
Heckman paper

Paper Alert

Class #18: Friday February 13, 2004

Reading


Class Discussion
Krueger essay
Loury essays

Mid-Semester Break (Saturday February 14-Sunday February 22, 2004)

Class #19: Monday February 23, 2004

Reading

Class Discussion
Goldsmith, Hamilton, and Darity paper

Class #20: Wednesday February 25, 2004

Reading

Class Discussion
Blau paper

Technological Change

Class #21: Friday, February 27, 2004

Reading

**Class**

Discussion of Freeman paper

*Immigration: Economic Consequences*

Class #22: Monday, March 1, 2004

**Reading**


**Class Discussion**

Discussion of Friedberg and Hunt, and Gaston and Nelson papers

**Paper Alert**

*Policy Paper* meeting to discuss *ceteris paribus* analysis must be completed by Monday March 8th.

*Crime: Causes and Consequences*

Class #23: Wednesday, March 3, 2004

**Reading**


**Class Discussion**

Freeman paper

Class #24: Friday, March 5, 2004

**Reading**


**Class Discussion**

Discussion of DiIulio paper

*Health: Status, Provision, Challenges*

Class #25: Monday, March 8, 2004

**Reading**


**Class Discussion**
Discussion of McClellan and Cutler papers

Class #26: Wednesday March 10, 2004

**Reading**

**Class Discussion**
Discussion of Case, Lubotsky, and Paxson paper

Class #27: Friday March 12, 2004

**Reading**

**Class Discussion**
Discussion of Berndt paper

Class #28: Monday March 15, 2004

No Class Meeting

Class #29: Wednesday March 17, 2004

**Reading**

**Class Discussion**
Discussion of Kremer paper

*Fiscal Policy: Issues and Outcomes*

Class #30: Friday March 19, 2004

**Reading**

**Class Discussion**
Discussion of Cogan and Mitchell paper

**Paper Alert**
*Policy Paper* due no later than Friday March 26th
Class #31: Monday March 22, 2004
**No Class Meeting**

Class #32: Wednesday March 24, 2004
**Reading**


**Class Discussion**
Discussion of Solow and Krugman essays

*Corporate Performance and Governance*

Class #33: Friday March 26, 2004
**Reading**

**Class Discussion**
Discussion of Lev paper

Class #34: Monday March 29, 2004
**Reading**

**Class Discussion**
Discussion of Demski paper

*The Economics of Sanctions*

Class #35: Wednesday March 31, 2004
**Reading**

**Class Discussion**
Discussion of Davis and Engerman paper

Class #36: Friday April 2, 2004
**Class Discussion**
Course Review and Recommendations for Revision