

ECON 4999 – 010 (CRN) - CTW
SENIOR CAPSTONE IN ECONOMIC POLICY
Fall 2008

Instructor*

Paul Kagundu
Department of Economics
Andrew Young School of Policy Studies #521
(404) 413-0149 (Phone)
(404) 413-0145 (Fax)
pkagundu@gsu.edu
Office hours: MW, 10:00am - 11:00am and by appointment

Catalog Course Description:

This course serves as an integrative capstone course for the economics major and should normally be taken during the student's last two semesters of study. Basic tools and methods of economics are used to understand and analyze a variety of contemporary economic problems and policy issues. The course will be organized by research modules that cover at least five of the following six broad economics topics: business policy analysis; economic history and thought; social policy and human resources; international economics and globalization; government fiscal, environmental and urban policies; and behavioral economics. This course has been designated as CTW (Critical Thinking Through Writing) course.

Course Objectives:

The objectives of the course are to integrate and solidify the student's knowledge of economic theories, methods and reasoning and their application to contemporary economic problems and policy issues. Basic microeconomic and macroeconomic theories are applied to topics drawn from a variety of the field courses in the economics major, such as industrial organization, international trade and finance, public finance, labor economics, and urban and regional economics. Students will learn how economists conduct basic research and the theoretical and empirical tools they use to test hypotheses and analyze economic problems. In addition, emphasis is given to critical thinking skills, individual and team projects, effective oral and written communication, and effective use of computers and other modern information technology.

Prerequisites:

ECON 3900; ECON 3910; two 4000-level Economics courses; or permission of the instructor

General Learning Outcomes:

Goal I. Communication

1. Students communicate effectively using appropriate writing conventions and formats.

* This course will be taught jointly by P. Kagundu and I. Rashad. Contact information for Dr. Rashad is as follows: Tel. (404) 413-0154. E-mail: irashad@gsu.edu. Office hours: MW 12-1pm and by appointment (AYSPS 533).

2. Students communicate effectively using appropriate oral or signed conventions and formats.

Goal II. Collaboration

1. Students participate effectively in collaborative activities.

Goal III. Critical Thinking

1. Students formulate appropriate questions for research.

2. Students effectively collect appropriate evidence.

3. Students appropriately evaluate claims, arguments, evidence and hypotheses.

4. Students use the results of analysis to appropriately construct new arguments and formulate new questions.

Goal IV. Contemporary Issues

1. Students effectively analyze contemporary issues within the context of diverse disciplinary perspectives.

2. Students effectively analyze contemporary multicultural, global, and international questions.

Goal V. Quantitative Skills

1. Students effectively perform arithmetic operations, as well as reason and draw appropriate conclusions from numerical information.

2. Students effectively translate problem situations into symbolic representations and use those representations to solve problems.

Goal VI. Technology

1. Students effectively use computers and other technology appropriate to the discipline.

Learning Outcomes for the Economics Major and for this course:

1. To understand basic theories, concepts, and analytical methods of microeconomics and macroeconomics.

2. To be able to apply theories, concepts, and analytical methods of microeconomics and macroeconomics to specific fields of economics.

3. To be able to identify the relevant benefits and costs to consider when comparing policy choices.

4. To be able to communicate, using appropriate writing and oral conventions, basic economic theories, concepts, analytical methods, and policy choices.

Course Requirements

There will be an exam to track general student progress at mastering basic economic principles in the beginning and end of the semester (5% of the course grade), an exam after the first three modules (30%), and a second exam after the last module (20%). A group project that includes an oral presentation will be required (20%). A Critical Thinking Through Writing (CTW) individual book review (15%) will be required. A student portfolio (5%) that will help prepare the student for the job market ahead and class participation and quizzes that involve Critical Thinking Through Writing (5%) are also course requirements. Missing more than two classes may adversely affect your grade.

CTW Designation – Individual Book Review and Class Participation/Quizzes

Starting Fall of 2009, all students at Georgia State University will have to take two courses designated as CTW (Critical Thinking Through Writing) in their majors. The two courses in the economics major are ECON 3900 (Macroeconomics) and ECON 4999 (Senior Capstone in Economic Policy). The CTW components of this course are embedded in the individual book review and in class participation and quizzes.

The individual book review will require the student to explore topics in economics that he or she is interested in and choose a book to read and thoroughly review. The review should be done in 5-6 pages (using one-inch margins, double-spaced, Times New Roman 12 font). The review should incorporate 2-3 economic concepts and provide a detailed, thoughtful analysis of the book, not simply a summary. A sample book review will be provided with instructions on the format. The instructor must approve of the book first (in Week 4). An outline for the book review will be due in Week 5. Three versions of the book review will be handed in by the end of the semester. The first draft is due Week 7; the second is due Week 11; and the final version is due on the last day of class (Week 15). You will be required to address any concerns the instructor has in subsequent versions of your book review in order to improve your book review grade. Concerns will be based on the bullet points outlined in the sample book review outline that will be made available on uLearn. In particular, the student will be graded on the following components of the book review: the introduction, explanation of the book, application of at least two economic concepts to the book explanation in the body of the text, structure of review, valid opinion and conclusion, and references (graded also through citing sources accurately and not plagiarizing).

Quizzes and class participation will also involve thinking critically. The quizzes will often require the students to critically evaluate classical economic assumptions and provide real-world examples of how and why these assumptions may not be valid.

Description of the Tracking Exam

An exam of 20 multiple choice questions testing basic principles of micro and macroeconomics will be given the first week of class. This exam will be given again during the final exam period for the class. The higher of the two scores on this exam will count as 5% of the course grade.

Description of the Group Project

The group project will allow students to work together to analyze how the benefits and costs of a particular public policy are to be evaluated. The topic will be chosen by the group and should not be one covered in class. Groups consisting of no more than five students (and no fewer than two) will be assigned during the second week of the semester. Group presentations will take place during the last two weeks of classes, and should last about 15 minutes each. Groups must use PowerPoint for their presentations, which they will hand in at the time of the presentation. (A paper is *not* required for the group project.) Library research is required for the group project, and sources should be carefully noted within the presentation. The presentation should be about ten minutes long, and should be followed by a Q & A session lasting approximately five minutes. The group can choose who speaks during the presentation. The group may have more than one of the group members speak during the presentation if the group feels it would enhance the presentation. All group members must be present at the time of the presentation, even if they do not plan to speak. Each individual must also hand in the evaluation sheet provided on the last page of the syllabus.

Description of the Student Portfolio

The student portfolio, due on the day the final exam is scheduled, aims to prepare the student for the job market and encourages the student to look back at economics courses taken and assess what he or she has learned. In creating the portfolio, the student should: (1) Put together a résumé (possibly getting help from the Georgia State University Career Services Center); (2) Research the job market for economists and summarize the typical jobs and starting salaries for economics majors (also providing this information in a table embedded in the paper created using a spreadsheet), including a page with a basic description of what economics is, how economists think, and what economists do; (3) Summarize his/her skills and how they can be applied; (4) Provide a list of all economics courses taken, including information about when and whom the course was taken with; (5) Summarize what he/she learned in the economics program. Students will especially be graded on the presentation of their student portfolios.

PLEASE CHECK ULEARN (FORMERLY WEBCT VISTA) IN ADDITION TO YOUR GEORGIA STATE UNIVERSITY E-MAIL REGULARLY.

NOTE THAT IF YOU SEND E-MAIL FROM A NON-GSU ACCOUNT I MAY NOT RECEIVE IT.

The course syllabus provides a general plan for the course; deviations may be necessary.

Students must be aware of the university's Policy on Academic Honesty (Section 409).

*Note that the last day to withdraw and possibly receive a "W" is **Wednesday, Oct. 1st, 2008.***

Course Outline

Week 1 (Aug. 18): Introduction / Student Progress Tracking exam

Reading:

- Siegfried, John J. "The Goals and Objectives of the Economics Major." In *Teaching Undergraduate Economics* (William B. Walstad), 1998, Chapter 6: p59-72.

Week 2 (Aug. 25): Module I: Global Economics: Aid and Growth

Readings:

- Easterly, William. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, 2002.
 - o Chapter 2: Aid for Investment, p25-44.
 - o Chapter 14: Conclusion: The View from Lahore, p285-291.

Week 3 (Sept. 3): Module I: Global Economics: Globalization

Readings:

- Stiglitz, Joseph E. *Globalization and Its Discontents*, 2002.
 - o Chapter 1: The Promise of Global Institutions, p3-22.
 - o Chapter 8: The IMF's Other Agenda, p195-213.

Week 4 (Sept. 8): Module II: Public Finance and Urban Economics: Inequality

(Book approval due)

Readings:

- O'Connor, Alice; Tilly, Chris; Bobo, Lawrence O. (ed.) *Urban Inequality: Evidence from Four Cities*, 2001.
 - o Chapter 6: Space As a Signal: How Employers Perceive Neighborhoods In Four Metropolitan Labor Markets
 - o Chapter 10: Why Opportunity Isn't Knocking: Racial Inequality and the Demand For Labor
- Tilly, Chris. "Shaking the Invisible Hand." *Real World Micro* (11th ed.)

Week 5 (Sept. 15): Module II: Public Finance: Flat Tax Reforms

(Book review outline due.)

Readings:

- Hall, Robert; Rabushka, Alvin. *The Flat Tax*, 2nd ed.
 - o Chapter 5: Questions and Answers about the Flat Tax (online at <http://www.hoover.org/publications/books/flattax.html>).
- Wheeler, Laura; Wallace, Sally; Pandey, Lakshmi. "The Fair Tax and Its Effect on Georgia." FRC Policy Brief No. 188, December 2005.

Week 6 (Sept. 22): Experimental and Behavioral Economics: Limits to the Homo Economicus Model

Readings:

- Rabin, Matthew. 1998. Psychology and Economics. *Journal of Economic Literature* 36, pp.11-46.
- The Economics of Envy: Rich-bashing. *The Economist* 16 February 2002, p69.
- Coy, P. 2005. Why Logic Often Takes A Backseat. *Business Week*. 28 March 2005.

Week 7 (Sept. 29): Exam I
(First draft of book review due.)

Week 8 (Oct. 6): Module III: Health and Industrial Organization: Moral Hazard

Readings:

- Folland, Sherman; Goodman, Allen C.; Stano, Miron. *The Economics of Health and Health Care*, 3rd ed, 2001.
 - o Chapter 7: Demand and Supply of Health Insurance, p141-163.
- Gladwell, Malcolm. "The Moral Hazard Myth." *New Yorker*, 29 August 2005, p44-49.

Week 9 (Oct. 13): Module III: Health and Industrial Organization: The Pharmaceutical Industry

Readings:

- Santerre, Rexford E.; Neun, Stephen P. *Health Economics*, 3rd ed, 2004.
 - o Chapter 14: The Pharmaceutical Industry, p434-476.
- Baker, Dean. "Drug Prices in Crisis." *Real World Micro*, 11th ed, p57-60.
- Blech, Jorg. "The Illness Industry." *New Scientist*, 22 July 2006, p24.

Week 10 (Oct. 20): Module IV: Labor: Employee Voice and Public Policy

Readings:

- Kaufman, Bruce, "What Unions Do: Insights from Economic Theory," *Journal of Labor Research* (Summer 2004), p351-382.
- Hirsch, Barry, "What Do Unions Do for Economic Performance?" *Journal of Labor Research* (Summer 2004), p415-456.

Week 11 (Oct. 27): Module IV: Labor: Employee Voice and Public Policy

(Second draft of book review due)

Readings:

- Rabin, Matthew. 1998. Psychology and Economics. *Journal of Economic Literature* 36, pp.11-46.
- The Economics of Envy: Rich-bashing. *The Economist* 16 February 2002, p69.
- Coy, P. 2005. Why Logic Often Takes A Backseat. *Business Week*. 28 March 2005.

Week 12 (Nov. 3): The Environment and the Market: Externalities and Solutions

Readings:

- "Sins of Emission," *The Economist*, Aug. 5-11, 2006, p11.
- Breslow, Marc. "Want a Cool Planet? Raise Gas Prices!" *Real World Micro*, 11th ed., p22-23.
- Harris, Jonathan. *Environmental and Natural Resource Economics: A Contemporary Approach*, 2002.
 - o Chapter 3: The Theory of Environmental Externalities, p39-60.

Week 13 (Nov. 10): Exam II

Week 14 (Nov. 17): Group work / Begin group presentations

Week 15 (Dec. 1): Group presentations (Final version of book review due)

Final: Wed, Dec. 10, 2:45-4:45pm: Student portfolio hand-in / Tracking Exam

Evaluation of Participation in Group Project

Name: _____

Group #: _____

Assume that your group has been given a bonus of \$100,000 upon the completion of your group project. You must allocate this bonus among the group members including yourself. Base your allocation on the participation of each group member in the project. Include the planning stages of the project, the background research, the writing of the PowerPoint, and the oral presentation.

List the names of each member of the group including yourself. Then list a dollar allocation of the \$100,000 bonus beside each member's name. Make certain the allocations add up to \$100,000. *Briefly explain the reasons for your allocations.*

Turn in this sheet immediately after your group project presentation. **I will keep the results confidential.**

Name	Allocation (\$)	Reason