

Economics
498-499
Senior Thesis
Spring 2010

**FACULTY AREAS OF
INTEREST**

The following members are scheduled to be senior thesis advisors in 2010-2011: Professors Davis, Dvorak, Foster, Fried, Kenney, Lewis, Motahar, Steve Schmidt, Shelton Schmidt, Sener, Song, and Yaisawarng.

Professor Lewis Davis

Professor Lewis Davis

Areas of Interest:

My primary area of expertise is economic growth and development, and I am happy to work with students interested on writing on virtually any area of this literature. Within this very large literature, there are a number of areas I know better and on which I'll be more useful as an advisor. These include economic growth and international trade; law, corruption, governance and growth; income inequality and economic development; democracy, dictatorship and growth; social conflict and economic development (religious and ethnic diversity, civil wars, etc.); international aid, structural adjustment and international financial institutions (World Bank, IMF, WTO); the economics of culture, values and social norms; and the economics of the informal sector. Within each of these topics, I am more interested in how they relate to developing than industrialized countries.

Please note that I am *not interested* in the following topics: US financial markets, the housing and mortgage markets, health economics, sports economics, industrial organization, counter-cyclical macroeconomic policy, public finance. If you'd like to write in these areas, you'd do better to select a different thesis advisor.

If you think you may be interested in working with me, you should contact me this Spring to let me know what your general areas of interest are.

Structure and Progress of a Thesis:

A good thesis answers an interesting question. To make a question interesting, it must be interesting to others who work in your area, which means you will need to read the current literature on your topic. A good research question is narrowly defined, clear and relevant. It provides focus to your research and to the thesis itself: material that does not help you answer your question does not belong in the thesis. "NAFTA" makes a terrible research project. "Did NAFTA raise Mexican income inequality" makes an excellent one.

The first term you will 1) find a topic, 2) narrow it down to a particular question you want to answer, 3) familiarize yourself with the existing work on your question, 4) collect all the data you will need for the empirical part of your project. I will work with each student to identify intermediate research goals during the term. At the end of the first term, you will hand in a "Fall Thesis Report" that introduces and motivates your research question, examines it's relationship to the existing literature and provides a description of your dataset.

In the second term, you will execute your proposed research project. A completed thesis will motivate your research question, place it in context of the current literature, explain how you are going to answer your question, answer it, and discuss your findings.

Through out the project, I will meet weekly with each thesis student. In addition, I plan to hold a number of informal joint meetings of advisees, perhaps over lunch, to talk about areas of common interest.

Professor Tomas Dvorak

My current research interests are in financial literacy and retirement savings. However, I am interested in supervising *creative* and *innovative* ideas in any area. I expect your thesis to make an *original* contribution. This means that the reader must learn from it something that he/she does not already know or could learn from reading what has already been written. I don't want you to rewrite textbooks or papers that have already been written. I want you to *apply* what you have learned in your coursework to do something new and creative. This could mean addressing an issue that has not been addressed, using new data to an old issue, applying previous work in a new setting, or looking at an issue from a new angle. I believe that your comparative advantage lies more in addressing local questions and collecting your own data than in coming up with new theories or analyzing existing data. For example, "Why doesn't Crossgates Mall recycle?" is a better topic than "Analysis of Chinese growth 1970-2010." Similarly, "Why does PriceChopper import red peppers from Holland?" is better than "Do interest rates affect investment?" New and interesting topics are not always obvious. In order to find them you will need to have an open mind and be willing to venture beyond traditional thinking. You will need to read, think and look around you to find something that is new, interesting, doable and most importantly something that you can be passionate about. I emphasize initiative and independence. Don't expect me to give you a list of tasks to complete before each meeting. I expect you to come up with ideas, propose directions to take, hypotheses to test, people to contact, papers to read, etc. Writing a good thesis is extremely difficult, but if you work hard and can do it, it is also extremely rewarding.

Professor Foster

The senior thesis project gives you the opportunity to conduct original research in a specific area that interests you. You will be able to use the skills and expertise that you have developed in your economics courses as you design and carry out your own research project.

Areas of Interest

My areas of interest include international economics, macroeconomics, economic history and gender issues in economics. I would be delighted to supervise projects in any of these areas. *However, what matters most is that you design a research project that excites you!*

Procedures

I meet with each of my advisees individually on a weekly basis. I also plan to have some group meetings during the two terms where you will have an opportunity to discuss your research with fellow students. Each of my advisees must submit regular progress reports during the two terms. My expectations are that you will identify your topic, complete a review of the relevant literature, identify an appropriate data set and draw up a plan for answering your specific research question during the fall term. You are required to take a departmental oral exam and to submit a draft of at least one chapter of your thesis by the end of the fall term. During the winter term, you should complete your empirical research by the end of the sixth week and submit a draft of your entire thesis by the end of the eighth week. You will be required to revise each part of your thesis at least once.

Grading

Since this is an independent research project, you are responsible for designing and carrying out your own project. Both the process by which you conduct your work and the quality of your final product will determine your final grade.

Professor Hal Fried

What is the thesis?

The senior thesis is an opportunity for you to pursue a topic of particular interest in depth. The basic instruments are the core tools of economics - micro, macro and statistics. The thesis is the capstone of your economics major at Union College. It should be fun, productive and educational. At the end, you should be very proud.

How should I find a thesis topic?

There is no one answer to this question. However, in my years of advising senior theses at Union, I have observed the following determinants of a successful senior thesis experience:

- Choose a topic you feel passionately about. Forget its relevance to economics. Work on something you read and think about for fun. That way, your thesis will blur the distinction between work and play. It is my job to relate your topic to economics. Since I believe that economics is relevant to everything, I (almost) never fail in my job.
- Select a thesis topic with an empirical component. This may include regression analysis or it may include other data work.
- Work in an area that interests me. If your thesis coincides with my research interests, then I will know more about it and I will care more about it. I am particularly interested in students who are passionately interested in working on anything related to entrepreneurship.
- Pursue an area in which you have had at least one elective economics course. For example, if you want to do a thesis on NAFTA, it really helps to have taken International Economics.

How is the thesis structured?

Expect to meet for about half an hour every week. We may begin with a more structured component in which we meet as a group once a week.

By the end of the first term, at least one chapter of the thesis must be complete. This is typically a general background chapter or a literature review. Anyone who fails to meet this requirement fails the first term of the thesis.

The final grade for the thesis is based upon process and product. We will discuss the grade at the end of the two terms until we both feel satisfied.

When should I begin?

Have a good summer, rest, rejuvenate and see me during the first week of the Fall Term. If you insist, I will discuss your thesis and your future in the spring.

Professor Kenney

Course Requirements

The senior project in economics consists primarily of *independent* research and writing under the guidance of a faculty adviser. The student is expected to take the initiative and assume responsibility for designing and executing the course of study. The faculty adviser's role is to assist in structuring the process of research and writing. While any subject area may be investigated, this adviser has a strong preference for topics in applied microeconomics, especially managerial economics/finance and environmental/natural resource economics. Each student is expected to meet weekly with the adviser and to submit (preferably a day in advance) a *Thesis Research Progress Report* (in accordance with the attached format).

Student Evaluation

There are two inputs into the assessment of the student's performance in the senior project. The first is the initiative and effort displayed in designing and executing the research. The required weekly reports of research activities will serve as one measure of performance in this regard. The second is the final written product. Criteria of evaluation here will include: quality and extent of the economic analysis (both theoretical and empirical); breadth of the research (as reflected by the extent and integration of the bibliography into the paper); and mechanics (organization of ideas and clarity of expression). Because the emphasis in the senior project is on *process* rather than *product*, a substantial part of the grade will be determined before the final written work is submitted. Students should plan their course of research accordingly.

Structure of the Thesis

It is useful to think of your thesis as consisting of five parts or chapters:

Chapter I (Introduction)

The first section of Chapter I is the *Purpose of the Study*. You should discuss briefly the relevance and importance of the topic you are investigating and the institutional context in which your hypothesis will be tested. You should conclude this section with a concise statement of your hypothesis. The second section of Chapter I is the *Outline of the Study*. Having established *why* you are investigating a particular question, you now outline *how* you propose to do it. Paragraph summaries of the content of each of the succeeding four chapters conclude Chapter I.

Chapter II (Institutional and/or Historical Context)

The object of this chapter is to elaborate on the institutional and/or historical context in which your hypothesis will be tested. This should include an historical and structural overview of the relevant market(s), a review of pertinent legislation, and a description of any other "real-world" phenomena essential to an understanding of behavior. Chapter II should end with a restatement of the central question you will be addressing in the thesis.

Chapter III (Theoretical/Analytical Framework)

In Chapter III you develop the methodology you will utilize to address the question raised at the end of Chapter II. What do received theory and past studies indicate are the key determinants of behavior in the relevant market? Which economic model(s) are appropriate for the testing of your hypothesis? In what ways, if any, does the model you intend to use differ from previous specifications of behavior?

Chapter IV (Empirical Test)

In Chapter IV you subject your hypothesis to empirical test by utilizing evidence of actual behavior. You first discuss the selection of the sample from which your evidence is drawn—what biases, if any, might arise from the data you are utilizing? You then discuss the sources and limitations of the data (and other evidence)--what measurement problems did you encounter and how did you deal with them? Finally, you report and analyze the results of the specific empirical test(s) you have conducted (e.g., the estimated relationship(s) among the variables in your model). This is the most important (and the longest) chapter of the thesis.

Chapter V (Conclusion)

The purpose of Chapter V is to interpret your findings and to recognize the contribution and limitations of your work. How and why do your results differ from previous research findings? What suggestions would you make for improvement of the research design and empirical test?

Progress of the Research

The general timetable suggested below should help structure your work effort.

September:	Identify subject area, conduct extensive search of economics literature and empirical sources, develop topic based on previous studies and availability of evidence, and prepare preliminary outline of study.
October:	Become familiar with previous models of behavior and prepare first draft of Chapter III; prepare first draft of Chapter II; confirm availability of data to be used in the empirical tests; prepare detailed outline of the study.
November:	Submit final outline, an abstract, and an updated bibliography prior to Oral Examination Nov 18/19.
December:	Rewrite Chapters II and III for submission to adviser at the end of Christmas break.
January:	Assemble/evaluate data; perform initial empirical tests; prepare draft of Chapter IV.
February:	Complete empirical analysis; rewrite Chapter IV; prepare Introduction and Conclusion; submit entire thesis for adviser's review.
March:	Make final revisions; submit finished copy by March 11 (<i>non-negotiable</i> deadline).

Professor Bradley Lewis

Why we require a senior thesis

The senior thesis is a “capstone course,” an opportunity for you to work intensively on an Economics project of interest to you and to other economists and to produce a major research paper that is clearly focused, relevant, and well written. In the process, you will improve your abilities to understand an issue or problem, analyze it using the tools of economics, and report your findings clearly and persuasively to others. You will become more confident of those abilities and may be surprised how much you enjoy working on your topic.

Areas in which I am comfortable supervising a thesis

If you yearn to study financial crises, the economics of eminent domain, railroads, or the question of how cities revitalize themselves, you already like what I am currently working on. But this is too narrow a set of options. I will happily supervise thesis work on financial markets or corporate finance; various aspects of international finance, especially as they relate to Japan, China, or trade friction; monetary policy; U.S. economic history; the history of economic thought; or economic policies related to cities or regions. I will accept other topics as well but other faculty may be better suited to supervise them. Try to think of topics for which you have some background and about which you are passionately interested. You can e-mail me or we can meet in person to discuss a proposed topic.

What I expect and how I will grade your work

In the Fall term, you will meet with me at least weekly as you develop an interesting question or testable hypothesis, review the relevant literature, and actively work to find evidence. We may also hold group meetings and the department may require you to attend a workshop as well. You must hand in 15 satisfactory pages prior to the end of Fall term to pass your first term. You also will have an oral examination conducted by another economics professor sometime during the Fall term.

In the Winter term, we will continue to meet at least weekly and you will finish your research work and your final thesis, the complete draft of which is due by the end of the eighth week. There is a fixed department deadline for submission of the final finished copy—4:30 on the last day of classes in the Winter term.

About half of your grade will depend on the product you submit—the finished thesis itself. The rest will be based on the process of getting there—whether you have kept yourself on track, met with me, handed work in on time, etc.

Professor Eshragh Motahar

My areas of interest are **macroeconomics, international economics, and economic growth**. At present, I am doing both theoretical and empirical research on factors that influence investment decisions of business firms. By investment I mean the purchase of capital goods such as machinery, equipment, and plants. As such, only part of my work in an indirect way looks at the stock market: that is, the way in which the behavior of the stock market might influence firms' investment decisions (e.g. the q theory of investment); otherwise I have *no expertise* in the study of the stock market. The bulk of my work looks at the effect on investment of factors such as interest rates, uncertainty about the future, various tax and incentive schemes designed by the government to influence investment spending, prices of capital goods, utilization rate of the existing capital stock, cash flow constraints, and so on. In addition, I am interested in macroeconomic policy in the U.S. and other countries, policy simulations using econometric and/or mathematical models, the patterns and determinants of investment in other countries, and growth and productivity (U.S. and other countries). I am also interested in studying the root causes of the current economic and financial crisis, and the policy proposals to address that crisis, from a macroeconomic perspective.

In general, I welcome any thesis topic that falls in any of the above areas, or in some other area of macro/monetary/international economics. **I have no expertise outside these areas.**

I encourage you to e-mail me (motahare@union.edu) if you wish to discuss any particular topic in more detail.

Procedures

There will be two group meetings during the first two weeks of the first term of the thesis process. Throughout the term, there will be weekly, 30-minute, one-to-one conferences with each student. During the sixth week, each of you is required to make a presentation of your topic to the group. There will be an oral exam during the seventh week. As a minimum requirement, a 15-page piece of work (in the form of a chapter draft, or a general report) is required by the last day of exams for the first term.

In the second term you will be asked to adhere to a specific timetable according to which you submit to me various parts of the thesis for review, comment, and discussion. These will be returned to you for appropriate revisions. The final, complete, typed copy of your thesis is due on the last day of the tenth week of the second term. Your thesis grade will depend both on the product that you produce and the process by which you produce it. In other words, both the content and the adherence to the above procedures are important.

Professor Stephen Schmidt

Professor Stephen Schmidt

MY AREAS OF INTEREST

My primary fields of interest are industrial organization and public finance. My current research is on the economics of education, looking at how governments fund schools and how schools respond to financial incentives and to competition schemes like vouchers and charter schools. I have also done some work in transportation economics and in more general public finance. I have broader interests in public policy and economic philosophy and justice.

I would be happy to supervise theses in any field of applied microeconomics or public policy. I am also interested in these issues in an institutional or historical context and would be interested in theses that take those kinds of approaches to applied topics. I am also open to supervising theses with normative content about distribution and equity. The content of the thesis must, in any event, be related to economics in some way; while the paper can be concerned in part with business or history, it must not be exclusively about those topics. There must be some part of the analysis that is economics in order to qualify the research as a thesis topic in economics. If you've got an idea for a thesis topic, stop by and we'll discuss it, and I'll let you know what I think you'll need to do to turn it into a thesis.

PROCEDURES AND EXPECTATIONS

The goal of the senior thesis is to make your own original contribution to an area of current economic research. It is the capstone of your economics education; it will draw on many of the courses you have taken in the major, and will develop your ability to ask questions about economic issues, analyze them to find answers to the questions, and write up your analysis for the benefit of others interested in the same questions. You will find an area of economics that interests you, study that area to bring yourself up to date with the literature on it, identify an interesting question whose answer is not known, learn the answer through your own original analysis, and write a paper in which you explain what you learned from the research to your colleagues. Your advisor will guide you in your work, but you will choose the subject and the approach you take to the research.

By the middle of fall you should have identified the topic you want to work on, and read relevant articles to bring you up to date on research on that topic. You will hand in summaries of papers you have read, and written versions of your topic area and your specific research question. By the end of fall you should have identified both the specific question you want to answer and a strategy for obtaining that answer. At the end of the fall term you will submit an end-of-term paper which will, with appropriate revisions, be part of the thesis. Early in winter you will conduct your analysis and draw what conclusions you can from that analysis. In the middle of the term you will submit first and outline and then a rough draft of the thesis; the last half of the winter term will be spent polishing the work and revising the draft into final form.

Your grade will be based on both the quality of the work you do throughout the process, and the quality of the final draft of the paper. It is important that you work steadily throughout the two terms and that you meet all of the deadlines I set, so that you will finish your analysis on time, and will have done enough to be able to write a satisfactory thesis paper at the end of winter.

Professor Shelton Schmidt

SUGGESTED TOPIC AREAS

Video Documentary

For his senior thesis in 1969, Phil Robinson produced a “fifty-minute videotape documentary on the breakdown of the old New Deal coalition of Franklin D. Roosevelt. He got a grant from the GE Foundation and then wrote, produced, directed, and narrated his thesis. He went to Washington and interviewed Larry O’Brien, then head of the Democratic Party.” After graduating from Union, Robinson went on to direct and produce *Field of Dreams*, *Sneakers*, and other films.

If you can’t come up with an idea for an economics documentary, I can. Come by and talk with me. Get ready for the Oscars.

Econometrics

You can apply econometrics to almost any field in economics (international, labor, macro, public finance, environmental, gender issues, industrial organization, monetary, etc.). In doing an empirical study, you might want to spend more time than usual on putting together a good data set. Or you might want to spend some serious time on econometric ideas such as heteroskedasticity, autocorrelated disturbances, qualitative dependent variables, panel data, lagged variables, or simultaneous equations estimation.

Efficiency Measurement

ECO 375 (Efficient Management of Technology) is the lead-in here. Efficiency measurement, roughly speaking, is concerned with empirically measuring the productive efficiency of individual firms in an industry. You use a method that allows you to come up with a score from 0 to 1 for each firm where the number 1 means the firm is using its inputs efficiently and the number .75, for example, means that the firm could produce the same output using 25 percent fewer inputs. There’s more to it than this, but these numbers give you the idea. In addition to calculating an efficiency score for each firm, you can also look for variables that explain why the efficiency scores differ. Are cement manufacturing plants with high efficiency scores located in competitive markets, while plants with low scores are located in less competitive geographic markets? Do some plants that generate electricity appear at first to be very efficient, but on closer inspection (when their emissions of SO₂ are taken into account) they turn out to be less efficient? You would first decide how to measure the outputs and inputs of the firms, then you would spend the time gathering the data, next you would run the computer programs to calculate the efficiency scores, and finally you would look for variables that are correlated with the efficiency scores. If you would like a job in a specific industry, writing a senior thesis using efficiency measurement might be a way to get your foot in the door.

Industrial Organization

Topics here come from ECO 233 (Public Policy and American Industry): structure, conduct, performance, advertising, barriers to entry, tacit collusion, concentration ratios, economies of scale, industry studies, innovation, mergers, ownership and control, antitrust, predatory pricing, regulated utilities.

Professor Fuat Sener

My Research Interests (Sener for 2010-2011)

My fields of specialization are international trade, economic growth and labor economics. International trade studies the effects of trade policies on the economy (tariffs, subsidies etc.), the determinants of trade patterns between the countries, the political economy of trade policies and so on. Economic growth studies the determinants of growth and investigates the relationship among growth, government policies, technological progress, institutions and macro shocks. Labor economics deals with issues such as determination of wages and unemployment levels, outcomes of union bargaining, effects of unemployment and etc.

I have papers (published/ in progress) in the following broad areas:

- Endogenous technological change, globalization and labor markets.
- Outsourcing, trade and wages
- Intellectual property rights in the global economy
- Endogenous growth, scale effects and R&D policy
- Trade liberalization and unemployment
- Foreign direct investment, trade and economic development

If the issues you would like to explore in your thesis are to some extent associated with the above broad categories, then our research interests appear to coincide and it is likely that we form a well-functioning advisor/advisee match.

I should point out that I am not an expert in all fields of economics. **Indeed there are fields that clearly do not fall within my research interests.** First, I am not an expert in Sports Economics. If you are interested in questions like whether a salary cap is optimal for the NFL, or whether Derek Jeter is receiving a salary comparable to his marginal contribution, I would think that you will be extremely better off by matching with another professor. I am not an expert in Real Estate/Corporate Finance. If you are interested in studying questions like what determines the rate of return on small cap mutual funds or what explains the differential rates of returns on a set of financial derivatives, again I would think that you will be extremely better off by matching with another professor.

For more information about my research interests please feel free to visit my web site and read my papers.

Professor Song

Economics 498-499
Senior Thesis
Professor Younghwan Song

It is always better to have a feasible thesis topic before you select your thesis advisor. Here are some tips for how to independently develop a feasible thesis topic, if you do not have one yet.

First, find something that genuinely interests you. You can find something that absolutely interests you from reading newspapers, watching television, and of course, from reading economics articles and textbooks. And it is such enthusiasm about the topic that makes it easier for you to overcome many challenges you will face in the process of completing the thesis over the two terms. It also allows you to enjoy the process even better.

Second, see if the topic is interesting to other people as well. An indicator that a topic is interesting to other people is that other economists have spent time thinking about similar ones. In this regard, Google Scholar can be extremely helpful in identifying related work, and thus should be consulted carefully. If you have a path-breaking topic, however, you can disregard this step.

Third, articulate your own answers to the following questions in writing:

What is the question you want to answer in your thesis?

Why should other economists care about your question?

What is new about your question and answer?

What data are you going use (if you plan to write an empirical paper)?

My broad fields of specialization are labor economics, welfare, poverty, and health economics. Specifically, my research focuses on human capital, discrimination, gender issues, worker displacement, labor supply, welfare reform, health insurance, retirement, time-use, smoking, and child poverty. If you are interested, or preferably, currently have a feasible thesis topic in any of these fields, I could serve you best as your thesis advisor.

Every week I will meet with you individually for half an hour. The purpose of the meeting is to make sure that you are progressing efficiently as planned and to discuss problems and questions you may have.

Your thesis grade will be based on a combination of the thesis "process"--how you go about writing your thesis, and the thesis "product"--the quality of the thesis itself.

Professor Suthathip Yaisawarng

Research Interest

My primary research focuses on applied microeconomics, in particular efficiency and productivity measurements. The measurement of efficiency is the study of how well a firm performs relative to others while the measurement of productivity considers changes in technology that affect the firm's ability to produce goods and services across time. There are two strands of the empirical methods in this area: stochastic frontier analysis and data envelopment analysis. The former is based on an

econometric technique; the latter is based on linear programming approach. Efficiency and productivity measurement techniques have broad applications to microeconomic problems and public policies. They have been applied to many industries, including utilities, health care providers, education, financial institutions, police and corrective services, and e-commerce firms.

I am happy to supervise senior theses in my area of expertise as well as related topics such as customer satisfaction, corporate social responsibilities and organizational ethics. I am also interested in analyzing effects of technology on global economy and developing countries. I do not supervise senior theses that deal with stock market.

Procedures

Since the senior project is an independent study, I expect you to choose your own topic and to take responsibility for designing and undertaking the proposed research topic. I will assist you in formulating a well-defined research question, developing a methodology and gradually improving your research capability.

There will be individual weekly meetings during the two terms. Individual meetings will address issues specific to your research. Individual meetings will also address general procedures and requirements, undertaking literature searches, and writing style and format. Normally, individual meetings will be scheduled approximately 30 minutes each week in the Fall Term. In the Winter Term, the weekly meeting may take 30 minutes to an hour. You are expected to keep your appointments and meet your deadlines. You must attend the mandated Departmental Senior Thesis Writing Workshops and pass a departmental oral examination to be scheduled in the Fall Term. Your complete thesis is due on the last day of the class in the Winter Term.

Grading

Your thesis grade will depend on the process by which you conduct your independent research and the final product. Both components carry equal weight.

Questions

Feel free to contact me if you have any questions or would like to discuss a possible topic. I can be reached at SS211A (Office), 388-6606 (phone), or yaisawas@union.edu (e-mail).