

# Major Themes in Economics

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## Introduction

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*Major Themes in Economics, Spring 2002*

**Introduction**

The papers in *Major Themes in Economics* are written by economics majors enrolled in our senior-level capstone course, Directed Research. The objectives of the course include the refinement of research and writing skills. The publication of some of the papers allows us to showcase the results as well as reward students for their hard work.

**Ben Smith** examines the vertical and horizontal equity of the state lottery tax. He argues that the lottery violates many basic tax-equity principles. Reducing the tax rate would not only reduce the inequities but might also increase tax revenue from the lottery.

Local economic development efforts have led to increasingly expensive incentives to attract and keep businesses. **Chris Lockie** takes a detailed look at the evidence and finds that it is not always clear that the incentives are worth their cost. While in principle it might be wise for the Federal government to put a stop to the local economic development wars, the possible harm caused by Federal micro-management of state and local public finance is likely to offset any possible gains from Federal intervention.

Advances in medical technology have increased the demand for human organs must faster than the supply. **Beth Gansen** argues for the introduction of financial incentives to bring the market closer to equilibrium. She convincingly points out that opponents of a market approach seem content to let other people die just because the opponents don't like the idea of selling organs.

**Alex Knight** combines economic history with economic theory. He examines the Mississippi Bubble of 1716-1720 in France and ties it to a macroeconomic model of how a speculative bubble might affect the real economy. One is struck by the extent to which people ignorant of history are prone to repeat it.

Record numbers of prisoners makes for record prison over-crowding. **Megan Swanson** examines private prisons, which are an increasingly popular solution to the problem. She argues that the evidence supports the view that private prisons can offer the same or better quality service at a lower cost to taxpayers.

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