

Major Themes in Economics

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Introduction

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Major Themes in Economics, Spring 2004

Introduction

Welcome to volume six of *Major Themes in Economics*. All papers for *Major Themes* are written by senior economics majors at the University of Northern Iowa.

Mathematics is an important tool in economic analysis. **Nicholas Sly** illustrates math's usefulness in a formal model of duopoly. The two firms must decide how much to spend on research and development as well as how much output to produce.

The National Hockey League is in serious financial trouble. A major reason for the trouble is the rapid increase in player salaries. Owners have bid up player salaries in the hope of buying a championship. **Brandie Glasnapp** uses a Granger Causality Test to see if reality supports the owners' logic.

eBay is one of the internet's commercial success stories. **Andrew Behrens** draws on the work of Nobel Prize winner William Vickrey to examine the efficiency of eBay auctions. Behrens suggests a few modifications which would improve efficiency.

The U.S. tort system has become a drag on the economy. More than half of compensation paid goes towards legal and administrative costs. Punitive damages are virtually random and have therefore lost their ability to deter unsafe behavior. **Ryan Koopmans** presents a few simple reforms that could restore some sanity and save billions of dollars each year.

Economists are virtually unanimous in their support of free trade. But that has never stopped politicians from imposing trade barriers. **Justin Berry** examines the damage done by the recent steel tariffs and explains why the major U.S. steel firms are chronically ill.

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