

Yale Department of Economics

Spring 2010 Undergraduate Seminar Preregistration
Monday, November 9 to Thursday, November 12, 2009
(From 9:00AM to 12:30PM and from 2:00PM to 4:00PM)

1. **Placement in seminars** is for Junior and Senior Economics, Economics & Math, and EP&E *declared majors only* who have not yet met the seminar requirement.
2. **Priority will be given to seniors**: they will be placed on a pre-registration list. When there is excess registration for a seminars, assignment will be decided by lottery. Students who are eliminated by lottery will be considered for their next choices. **Juniors** applying to seminars will be put onto a waitlist and given next priority for places if the seminar is not filled by seniors at the start of the term. It will often not be possible to guarantee juniors places in seminar until the class has met and the instructor can assess whether there is space. Students who do not attend seminar sessions will be considered as having dropped the course even if they were on the pre-registration or wait lists.
3. **Required prerequisites for economics seminars** are any two out of the three core economics courses: Intermediate Microeconomics (Econ 121 (150) or 125 (152)), Intermediate Macroeconomics (Econ 122 (154) or 126 (153)) and Econometrics (Econ 131 (161), 135 (162) or 136 (163)). Please also note any additional prerequisites for some seminars.
4. **Students who do not register** during above mentioned registration period will be assigned to open seminars.

Spring 2010 Undergraduate Seminars

Econ 455b INFORMATION ECONOMY

Judith Chevalier

Wednesdays, 3:30-5:20

This seminar will focus on topics in the economics of information and communication. We will begin by reviewing the basic economics of networks, standards, and compatibility. Then, we will examine the communications infrastructure—telephone, broadband, and wireless communications, discussing the regulation and adoption of these technologies. We will look at international differences in infrastructure and regulation. We will examine the radio and television broadcasting industries, how they are regulated, and how they compete with new business models. We will also review research on how new communications technologies can affect the organization of businesses. Finally, we will examine significant intellectual property and antitrust issues in the information economy.

Most weeks, the course material will include readings from the academic literature, as well as some business case and business press articles outlining a business or public policy problem related to that week's topics. Each week, one article or case will be designated to a student who will analyze/critique the case or article.

Student grades will be based on their participation and preparation for class discussions (40%) and on a 12-15 page paper to be turned in at the end of the semester. Students will give a short presentation on their paper during the last two classes. Student papers will provide an economic analysis of a firm, industry, or public policy question related to networks, communication, media and broadcasting, technological change, or electronic commerce.

Prerequisite: *Intermediate Microeconomics*

Econ 457b FINANCIAL HISTORY

William Goetzmann

Wednesdays, 9:25-11:15

The course will explore the history of finance and capital markets from antiquity to the modern times. It will focus on innovations in the technology of finance: from the Mesopotamian origins of financial instruments, to the mathematical development of compound interest calculations, the beginnings of paper money and related instruments, the appearance of bond markets in the Late Middle Ages, the origins of mutual funds in Northern Europe, the development of government bond markets, financial innovations associated with the American Revolution, the globalization of capital before World War 1 and the political consequences of unfettered capitalism.

Through the course the students will be introduced to mathematical methods and algorithms used historically to solve financial problems, from Mesopotamian

mathematical tablets to medieval calculations to the mathematical advances of the Enlightenment.

The course will take advantage of Yale collections in financial history at the Yale Babylonian Collection and the Beinecke Rare Book Library. The structure of the course will closely follow the volume edited by Goetzmann and Rouwenhorst: *The Origins of Value*. Additional references by volume contributors will be added to the reading list, including journal articles.

Each meeting will focus on a particular question or problem in financial history. These problems are chosen to elucidate a particular issue or principle - from the time value of money, to international diversification, why coinage was invented and whether international financial institutions are necessary.

Prerequisite: *Intermediate Microeconomics, Macroeconomics and Econometrics*

Econ 458b EARNINGS INEQUALITY IN THE U.S.

Stephanie Aaronson

Wednesday, 2:30-4:20

This course will examine the trends in earnings inequality in the U.S. over the past 30 years. We start by reviewing the process of wage determination and the sources of wage dispersion. We will then explore the factors that may have contributed to the large increase in inequality over this period, including skill-biased technical change, changes in labor market institutions, international trade, outsourcing (off shoring), and wages. We will also examine trends in lifecycle earnings inequality and earnings instability. Throughout we pay special attention to the empirical techniques economists use to distinguish between these various explanations. Finally, we will study the role of policy in ameliorating inequality.

Prerequisites: *Intermediate microeconomics and an econometrics course*

Econ 459b CORPORATE FINANCE

Tri Vi Dang

Mondays, 1:30-3:20

This course discusses selected topics in corporate finance and aims to provide the students with some economic backgrounds and concepts for understanding firms' financing decisions. The first half of the course analyzes corporate finance under symmetric information and covers the following themes:

- 1.1 Financial instruments and financing patterns
- 1.2 The valuation of financial assets
- 1.3 Capital structure decisions
- 1.4 Taxes and the costs of distresses.

The second half of the course focuses on the implications of asymmetric information for corporate finance and discusses the following topics:

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- 2.1 Agency based corporate finance theory
- 2.2 The costs and benefits of internal finance
- 2.3 Venture capital and private equity finance
- 2.4 Bank finance and security design

Prerequisites: Intermediate Microeconomics

Econ 460b NEUROECONOMICS: DECISION-MAKING, WELFARE AND THE BRAIN

Julian Jamison

Tuesdays, 2:30-4:20

This course will serve as an introduction to the notion of *welfare* or *well-being*, as approached by a variety of disciplines but with a special focus on economics (where it is usually called *utility*) and on neuroscience. In particular, we will be interested in how to define this concept, how to measure it, and what (if anything) various theories can tell us about how to maximize it in the real world – both individually and at an institutional level. For instance, how well do observed choices (revealed preference) correspond to actual (experienced) well-being? If they do not, how can we empirically disentangle them, and can brain imaging help? Are social structures designed to encourage one at the expense of the other? Note that we will not primarily be using data, but rather asking if data can help in this pursuit, and if so what types of data. Readings will be drawn from microeconomic decision theory; cognitive and social psychology; neuroscience; philosophy; experimental social science; and ‘behavioral’ economics.

Prerequisite: Intermediate Microeconomics

Econ 461b/HPA590 ADDICTION, ECONOMICS AND PUBLIC POLICY

Jody Sindelar

Thursdays, 1:00-2:50

[Room TBA, School of Public Health]

Smoking, alcoholism, and use of illicit drugs are addictions that are increasingly studied by economists. The health habit of overeating resulting in obesity will also be viewed similarly to an addiction. This class will study economic and policy issues relating to these four addictions or health habits. Behavioral economics principles and solution will be discussed. Specifically, the class will cover: 1) models of substance use including supply and demand, rational addiction and behavioral economics models, 2) perspectives on whether, why and how the government should intervene in these addictions and health decisions, 3) facts and findings from the literature on each addiction, 4) relevant research methods, and 5) evaluation of public policies related to each substance. Public and private policy issues include: how to address binge drinking at colleges; laws to address drunk driving; optimal taxes on alcohol, cigarettes and soda; potential legalization of marijuana; smoking bans as a precommitment device; the cause of and solution to rising international obesity rates; calorie posting in restaurants; paying

Course Objectives:

- To provide students with a foundation for understanding on-going issues in health care markets that combines an understanding of important concepts from microeconomics and knowledge of key features of real-world policies and programs.
- To expose students to the professional research literature and help them develop critical analysis skills.
- To enhance student's appreciation of the roles microeconomics theory & econometrics may play in designing and evaluating public policies.

Seminar will cover agency theory, moral hazard, adverse selection, insurance markets, pharmaceutical markets, program evaluation, health system reform, physician decision-making, report cards, search theory, advertising, geographic and racial variations in medical practice.

Prerequisite: Intermediate Microeconomics or equivalent

Econ 470b

TOPICS IN AMERICAN ECONOMIC HISTORY

Benjamin Chabot

Wednesdays, 1:30-3:20

This course will introduce students to the research methods and sources of economic history. We will employ primary materials and economic theory to evaluate hypotheses about the growth and development of the American economy. Topics include: the source of inequality across nations, the role of banks and stock markets in economic growth, the costs and benefits of the gold standard, international capital markets and the causes and consequences of the great depression.

Prerequisite: Intermediate Macroeconomics and Microeconomics

Econ 480b

TOPICS IN MACROECONOMICS: PUBLIC POLICY, ASSET MARKETS AND ASSET PRICES.

Irasema Alonso

Wednesdays, 3:30-5:20

This seminar/course aims to acquaint students with central issues in macroeconomics – in particular with policy analysis and the study of puzzles in asset markets both at the domestic as well as at the international level.

A central question in public policy is how and when to tax. First, unless one views lump-sum taxes as a realistic form of taxation, it is necessary to distort the economy in order to raise government revenue: it is necessary to cause inefficiency. One therefore needs to study which taxes are least distortionary, from a macroeconomic perspective --

is it better to tax capital or to tax labor? Second, a very important issue formalized by the recent Nobel laureates Kydland and Prescott is that of the possible "time inconsistency" of taxation. Third, under what conditions does a "fiscal stimulus" plan, such as that enacted presently under the Obama presidency, make sense from the perspective of economic theory?

Prerequisite: *Intermediate Microeconomics*