



ISSUES IN POLITICAL ECONOMY
Undergraduate Student Research in Economics

VOLUME 15

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Mission Statement

Issues in Political Economy is committed to supporting and encouraging quality undergraduate research in all areas of economics. Now in its 15th volume, the journal was founded on the belief that the best way to learn economics is to do economics. Through the process of research, writing and peer review, students actively engage the discipline in a way not possible simply by listening to lectures and reading textbooks. In short, undergraduate research is a vital component in an economics education. The literature suggests that students take projects more seriously and learn more when the project is directed towards an external, rather than an internal audience such as a class assignment. *IPE* is designed to provide an external audience for such research.

IPE is edited and refereed entirely by students, with oversight from faculty at Elon University and the University of Mary Washington. The only requirements for submission are that the article pertains to some aspect of economics, that it was written during undergraduate study, and that it be submitted through a faculty sponsor. Though submissions on all topics in economics will receive consideration, papers should be analytical and seek to add new understanding to the topic.

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For additional information please visit our website <http://www.elon.edu/ipe>

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NOTE FROM THE EDITOR

Issues in Political Economy began over a decade ago with the goal of developing a forum to deepen the understanding of economics among undergraduate students. The original journal was conceived and cultivated by dedicated students and faculty at Bellarmine College in Louisville, Kentucky.

In 1999, Elon University and the University of Mary Washington inherited the sponsorship and editorial responsibilities of *Issues in Political Economy*. Since then, *IPE* has gained international recognition, receiving submissions from all over the world. Although faculty mentoring has played a significant role in the development of the *IPE*, student reviewers and editors referee all papers. Over the past three years, the acceptance rate has been approximately 30%.

Issues in Political Economy greatly appreciates the patience and leadership provided by faculty and sponsors. In particular, we would like to acknowledge the work of Rosin O'Sullivan, Tom Andrews, Christian Vossler, Mary Hansen, Peter Temin, Victor Kasper Jr., Orhan Kara, James Der Derian, Jen Plantania, Lisa Wilder, Joseph Turek. Additionally, Karl Sienerth, John Burbridge, and the Houghton-Mifflin Publishing Company have provided invaluable support for this publication. We would also like to thank all those who have been acknowledged for being instrumental in past issues. This journal builds on the foundation carefully created by its thoughtful predecessors.

And of course, we would like to express special thanks to professors Steve DeLoach from Elon University and Steve Greenlaw from the University of Mary Washington. Their guidance and enthusiasm has been invaluable to the publication of this journal. They have actively promoted the awareness of a wide range of topics in economics.

In conjunction with this journal, *Issues in Political Economy* also continues to coordinate undergraduate student presentations at the Eastern Economic Association annual meetings. This year's meetings were held in New York City and consisted of eight sessions. There was a diverse group of presenters and their participation sparked discussions and initiated thought about a variety of economic issues.

It is our hope that this issue of *Issues in Political Economy* will continue to aid the flow of ideas and research.

Marie Funk

FOREWORD

The fifteenth edition of *Issues in Political Economy* contains seven papers of undergraduate research. Utilizing an array of econometric techniques, in-depth theoretical research, and intriguing individual arguments, the authors of these papers discuss fascinating topics in modern economics, and indeed, society.

In the first paper Scott Shackleford of Indiana University-Bloomington takes on energy policy, domestic and international. Completing case studies of the U.S. and French nuclear power industries, Shackleford seeks to analyze U.S. and European energy policy formulation. The paper addresses the issues of reliance on foreign energy sources and diversity of energy type within a nation. Shackleford ultimately argues that the future of energy includes 'going nuclear', in addition to increased connectedness among nations' energy programs.

The second article in the journal uses ski resort lift tickets as a basis for explaining the effects of non-participatory characteristics on price. Describing non-participatory characteristics as those services and attractions offered by resorts in addition to skiing, Michael Koslow of Elon University works with a hedonic price model to complete his research. Koslow hypothesizes that product characteristics determine a consumer's perceived level of utility, therefore; lift ticket price at a ski resort reflects a consumer's perception of the facility as a whole and the amount of services offered correlates positively to ticket price. Upon running a log-log ordinary least squares regression Koslow finds support for his hypothesis, encouraging further research to consider the implications of non-participatory characteristics for markets influenced by club theory.

Next, Michael Knerr of Villanova University uses environmental economics and game theory to explore pelagic fishery decimation. Particularly fascinating because maintaining pelagic fishery levels requires international cooperation, Knerr's paper presents historical fishery management plans and sets forth the groundwork for improved management schemes. He provides a case study of the Bluefin Tuna as support for his arguments. Knerr encourages bolstering individual and collective incentives to maintain fishery levels by implementing property rights systems such as individual transferable quotas.

Elizabeth Elzer of the University of Mary Washington extends to the journal a paper analyzing U.S. unemployment rates from 1948-2005. Replicating Robert Gordon's 1984 study in which he links Gross National Product and unemployment using an Okun's Law Coefficient, Elzer explores not the quick employment growth of the Eighties Gordon was concerned with, but rather the sluggish growth following the 2001 recession. Upon theoretical and empirical investigation, Elzer reports that employment now experiences a smaller response to output increases than has historically been the case. Furthermore, she suggests that an increase in the output ratio results in a small boost in productivity that might explain the new relationship between output and employment.

The fifth paper, authored by Ali Wyne of the Massachusetts Institute of Technology, considers the roots of Hong Kong's and India's contrasting economic growth between 1965 and 1990. Wyne draws from the disciplines of economics and political science to create his hypothesis that the two nations' different experiences under colonialism set the foundation for their respective

economic futures. Seeking to avoid what he identifies as classic pitfalls of economic development papers, namely dry presentations and disregard of historical frameworks, Wyne presents his research employing the Solow Growth Model in an engaging and eloquent article. The article closes with an assertive expression of optimism in regard to Hong Kong's continued growth, and a call for India's leadership to address the nation's inequality more aggressively.

In a paper out of Elon University, Kathleen Niple takes on the Ricardian Equivalence Hypothesis. Numerous economists have used national indicators to examine Ricardian Equivalence, which asserts that when a government cuts taxes or increases deficit spending citizens will increase their rate of saving to account for expected future tax increases. Here Niple instead studies county level debt. Examining short term effects of county level debt, Niple finds that, in fact, debt causes no change in private consumption.

The final paper will interest sociology and economics students alike. Nathan Huret, of Elon University, approaches the topic of U.S. income inequality by considering the impact of parental pressure on a child. Culling theory from past sociological and economic studies, Huret posits that the gap between the explanations for intergenerational transfer of income inequality provided by both disciplines must be closed. Thus, he offers a two-pronged hypothesis for inequality transfer: first, parental pressures affect the educational attainment of offspring; and second, there is a positive relationship between household income and parental pressure. In this way Huret marries the highly touted influences of household income and socialization. Huret's empirical work supports his hypotheses while also suggesting that race and gender shape reactions to parental pressure. Huret makes a final, thought provoking suggestion that the answer to pervasive income inequality may require increasing emphasis on household relationships and micro level programs.

The relevance of these papers to businesspeople and policy makers at all levels, as well as the scope of subject area covered, is evidence of successful undergraduate research. In promoting economic research by undergraduates, *Issues in Political Economy* hopes to raise awareness of significant undergraduate contributions. It is my sincere hope that this year's publication provides readers with a variety of topics that will spark continued research and debate.

Marie Funk