Final Projects

You have three options to choose from for the final project. Regardless of which final project you choose, keep in mind that a key portion of the final project is proving that you understand the economic theory discussed in the course. Also, all 3 projects will be graded for both content and writing quality. All options involve writing 5 pages, double spaced.

Final Project Option #1

Firm Analysis: You will interview an individual who runs a business. You should interview someone who has employees and makes decisions regarding how many employees to hire. You will analyze how this firm's behavior fits into labor economic theory.
You should use these same headings to designate each section of the 5 page final project.

OUTLINE

I. **Overview (roughly 1/2 page)**
Provide a brief description of the firm and of your interviewee's role at the firm.

II. **Firm behavior (roughly 1 page)**
Choose a few specific topics and describe how the firm operates. Make sure to **emphasize how the firm decides how many employees to hire**. Potential other topics to explore include:
   a. What factors lead the firm to change the number of employees hired?
   b. How is the firm impacted by taxes and governmental fees? How is the firms' decision of how many employees to hire influenced by taxes and governmental fees?
   c. Is the firm considering expanding its operation? What thought process goes into this decision?

You should choose a few topics to explore and do an in depth explanation rather than doing a short analysis of many topics.

III. **Economic analysis (roughly 1 page)**
Provide a clear description of how a firm should operate based on **labor** economic theory. This description should include a **mathematical analysis** of how firms decide how many employees to hire. The mathematical analysis will include statements about things like W and MP_L, not specific numbers. You should make sure to provide a description of the economic theory behind topics you will discuss in Section IV.

IV. **Analysis of firm behavior (roughly 2 pages)**
Provide a clear explanation of whether your interviewee's firm's behavior matches the labor economic theory discussed in section III and if not, why not. Is the labor economic theory missing something that is important in the context of this firm or should the firm conform to the predictions of economic theory? Does this firm fit the assumptions behind labor demand theory? You should explore all the topics you discuss in section II. An ideal answer will demonstrate clear understanding of the economic theory learned in class and connect this to the interview.

V. **Conclusion (roughly ½ page)**
Provide a brief conclusion summarizing whether the firm behaves according to the predictions of economic theory and discuss the implications for economic theory.

CHECK POINTS FOR FIRM ANALYSIS:

Check Point #1:
You must turn in a sheet that includes the following information:

1. Name of individual you will interview.
2. Contact information for this individual (both email and phone number).
3. The date that you have scheduled the interview for. (This date must be scheduled for no sooner than 1 week *after* the due date for check point #1. The reason that you should not schedule the interview for right after you turn in checkpoint #1 is so that you can get comments from me regarding your proposed interview questions.)
4. A very brief description of the company and this person's role in the company.
5. A list of guiding questions you plan on asking at your interview. The guiding questions should be written with the specific firm in mind. Your guiding questions should cover a variety of topics and should be written with Section II and IV in mind. QUESTIONS MUST ALWAYS BE POLITE!

Check Point #2:
You must have completed the interview. You must turn in a draft of Section II of the Firm Analysis (1 page on firm behavior).

For the Final Project

- Split your paper into the 5 sections described on the previous page. You can title the section headings as I did (e.g. "Firm Behavior", "Economics Analysis", etc.)
- The firm analysis is expected to be well written and will be graded accordingly.
- It is acceptable to do the mathematical part of the economic theory by hand and include this at the end of the paper.

The final project is due as listed on the syllabus.

Final Project Option #2: Point-counterpoint

You will analyze 2 articles with opposing viewpoints. The articles should be short opinion pieces and should represent opposing sides on a topic that is directly related to labor economics. Do not choose academic articles that are in depth studies as these will be difficult to analyze. *The ideal article would be something like a newspaper op-ed or blog post.*

The articles should be on a topic that is directly related to labor economics and it is best if it is one of the topics we study in the course. Immigration is a good topic to choose because we cover this material relatively early in the course and it directly relates to the labor economic theory. Minimum wages is another good topic. It will be more difficult to complete the final project if you choose a topic not covered in the course, but so long as you demonstrate your knowledge of *labor* economics, you can choose any topic.

Below is an outline that provides more details regarding what you need to cover in your analysis. **You should use these same headings to designate each section of the 5 page final project.**

OUTLINE

I. Overview of issue: (roughly 1/2 page)

The overview should include an explanation of the issue and why it is important.

II. Theory (with graphs) (roughly 1 page of text but can vary depending on topic)

This section should provide a coherent explanation of the labor economic theory that relates to the issue. Your theory section should be based primarily on the theoretical content learned in this course and should provide a thorough analysis of the topic, including all relevant forces. The theory section might need to use math (e.g. P vs W/MPL) and it may need to use supply and demand graphs or other graphs. Though the final project should be typed in general, it is ok if you handwrite the graphs.

III. Article summaries: (roughly 1/2 page per article, 1 page total)

For each article you find, explain the key argument made in the article and the evidence they provide to support their conclusion. You should choose two articles that make conflicting arguments.

IV. Analysis (roughly 1.5 pages)

Based on economic theory, evaluate the **arguments** made in each article. If any arguments in the articles you read are flawed, provide a clear explanation of the logical flaw. If the author quotes numbers or other evidence, you should use the internet to verify the facts claimed by the author. **You should not evaluate the conclusion directly in this section.** For example, if the author argues that apples are better than oranges because apples are more colorful, you should evaluate whether apples really are more colorful than oranges and whether being more colorful makes for a better fruit. You should not directly evaluate whether apples are better than oranges. Please see me if this expectation is unclear.

V. Conclusions (1 page)

In the conclusion section you should indicate which article makes a better argument. If you disagree with both articles, explain why. You should conclude by discussing what a policy maker should keep in mind when thinking about this issue.

Bibliography
You should cite all sources.

- The article analysis is expected to be well written and will be graded accordingly.
- I recommend analyzing either immigration, outsourcing or minimum wages because there is a lot of economic theory that is directly relevant to both these topics. That being said, you are welcome to analyze any topic that interests you. Note that certain topics are not covered in class until after the first checkpoint for the final project, so I recommend holding off writing the theory section until we cover this section in class. Regardless of the topic chosen or the policy recommendation made, you need to make it very clear that you understand the labor economic theory behind the topic.

CHECK POINTS FOR Point-counterpoint ANALYSIS:

Check Point #1:
You must turn in a paragraph describing your chosen topic as well as a citation for both opinion articles you will analyze as part of your article analysis.

Check Point #2:
You must turn in an outline of your article analysis. The outline should indicate arguments you plan to make in the final article analysis and layout the structure of the paper.

The final project is due as listed on the syllabus.

Final Project Option #3: Empirical analysis of a minimum wage change.

This option is only recommended for students who have taken econometrics.

You will perform your own empirical analysis of a real minimum wage change. You will first identify a city or state policy change that you wish to study. You should then choose a control group or multiple control groups. Using the FRED tool or other data source, you will conduct a difference-in-difference analysis studying how a minimum wage increase affected employment, wages, and unemployment.

OUTLINE

I. Overview of issue: (roughly 1/2 page)

The overview should include a brief introduction that describes the policy change being studied.

II. Theory (roughly 1-2 pages including graphs)

This section should provide a coherent explanation of the labor economic theory behind minimum wage changes. You should include analysis both based on the perfectly competitive model and based on the monopsony model. Your theory section should describe the winners and losers from minimum wage changes, using a graph to guide your answer. Though the final project should be typed in general, it is ok if you handwrite the graphs.

III. Empirical approach: (roughly 1 page)

Explain the idea behind the difference-in-difference approach and why it is not a good idea to just compare before vs after to estimate the effect of the minimum wage. Then describe the details of your approach. Which city are you studying? Which are the comparison cities? Why do you think those comparison cities are good?.

IV. Analysis (roughly 1-2 pages)

Present your results. You should analyze unemployment and employment effects. If you like, you can focus on certain demographic groups or education groups. You can present your results either using graphs or tables. The analysis section should clearly present your exact estimate of the effect of the policy.

V. Conclusions (1/2 page)

Briefly discuss the policy implications of your research.

CHECK POINTS FOR Empirical Analysis :

Check Point #1:
You must turn in a paragraph describing which policy you plan to study and which cities/states might work as a comparison group. You should include an explanation of the difference-in-difference approach

Check Point #2:
Turn in a draft of your analysis section.

The final project is due as listed on the syllabus.