EC831 ECONOMICS RESEARCH PROJECT

RESEARCH PROJECTS 2011-12

Attached is a list of final year undergraduate project titles. Each title includes at least one reference to help direct your initial research. Also attached is information to guide you in your project work.

Please read the following notes carefully.

1. ***Choosing a title***. *You are welcome to propose a title of your own* (see the guidelines on the next page). Alternatively, you may choose a title from the attached list. Before making a choice, you are advised to find out something about the topic (read some of the proposed references or talk to your teachers).
2. ***Allocation of titles***. Your project title *must differ from that of every other student*. Consequently, you are asked to rank your preferred titles: complete the form attached to this document and submit it to 5B.211 no later than **Monday, 9 May 2011**.
3. ***Ballot for titles.*** Titles will be assigned by drawing the forms randomly and you will be allocated your first choice if it has not already been allocated. Your choices will be considered in the order that you list them. Note that it may be necessary for you to choose again if all your preferred titles have been allocated to other students. *You **must** obtain a project title before the end of the summer term. The only exception to this relates to Project Topics 203 and 204, where a decision on allocation will be made by Professor Alison Booth after discussion with the applicants.*
4. ***Assignment of supervisors.*** Project supervisors will be assigned shortly before the beginning of the next academic year. *You are not permitted to choose your project supervisor* because (a) the Head of Department must allocate duties fairly among all staff, and (b) some members of the department will be on leave during part or all of the year.
5. ***Change of title.*** *If you wish to change your title, you must complete a form available from room 5B.211. Title changes require the approval of your supervisor and the director of projects.*
6. ***Submission deadline.*** *While you will be notified of **informal deadlines to che***ck your academic progress, there are *two* deadlines for the assessment of your project: (a) a lit*erature survey (with a project plan) must be submitted* **no later than 12.00** mid-day on **Wednesday, 14 December 2011**, (b) your dissertation (i.e. the final, complete project) must be submitted **no later than 12.00** mid-day on **Friday, 27 April 2012**. *University policy does not permit extensions to these deadlines.*
7. ***What does a project involve?*** You are expected to explore the literature in the Library or elsewhere, to locate your own sources of information (including) data, to pursue the questions raised by your topic (both analytically and statistically as the topic requires), and then to write-up your project in the form of a dissertation. Further details are provided on following pages.
8. ***Assessment of the project.*** Detailed marking criteria and guidelines for assessment are provided in the *Undergraduate Economics Handbook*. Please check this carefully. Note that the literature survey and project plan and dissertation are worth 15% and 85%, respectively, of the overall mark.

Guidelines for Proposing Your Own Project Title

Most students choose a project title from the department's approved list. You are encouraged, however, to propose your own. However, the department has an obligation to ensure that students choose titles that are in their own interests (i.e. enable them to fulfil the learning outcomes for EC831). For this reason, the director of undergraduate projects must approve all proposals for unlisted titles.

If you wish to propose a project title that is not on the list, you should do the following:

1. Suggest a title for your project. This can be amended later but should broadly indicate what you wish to do.
2. Write a short synopsis of your plans. The following will enhance the prospects for approval of your proposal:
   (a) Emphasise the application or use of *economic ideas*. EC831 is an *economics* project — make clear how economic principles, theories, models, etc will appear in your project.
   (b) Your proposal should be directed to addressing one or more questions. That is, your proposal should be *well focused*.
   (c) You should avoid just asserting that you intend to write about a particular topic. What will you write about the topic?
   (d) What issues or problems will you address? Outline why you consider the issues to be addressed are of economic interest.
3. Your proposal should describe a project that you can actually achieve, i.e. the project should be *feasible*. You should be able to identify the sources of data or other relevant information. It is not in your interest, for example, to choose a topic for which the required data are difficult to obtain or are very expensive. (Note that data — especially financial data — may be available only on the payment of huge subscriptions, well beyond the University's budget, or yours.)
4. You should list at least two references (to published or unpublished works) that indicate the background reading that will enable you to make a start on your project.
5. You should write your proposal on a sheet of A4 paper, attach it to the form at the end of this package and submit it to the second/third year administrator in economics.

Pointers for Writing a Third-Year Project

General

The third year project is your opportunity to apply some of the general economic ideas and econometric methods you have studied. It provides the first exposure to the balance between creativity and discipline that is important for effective research. It also enables you to develop the skills required for an extensive piece of written material.

You should bear some general points in mind when approaching the project.

1. Your project is not likely to be a cutting-edge piece of research. If your work has obvious shortcomings it is better to report what you have and discuss those shortcomings than to strive for a degree of perfection that may not be achievable within your time frame.
2. Examiners will not want to spend a great deal of time trying to find out what your project is about. Be clear on what you do, why you did it and why it is interesting. Write and re-write your project with the aim of clarity and conciseness (10,000 words is an upper limit).
3. Examiners can only mark what is there. You should attempt to show-off as many of the skills you have acquired as you can.
4. There are many different ways to organise the project (dissertation). Most important is that its structure should be transparent. Certainly, it must have an introduction (which explains what the project is about) and a conclusion (which summarises what the project has accomplished). Apart from that it is largely up to you.
5. *Read, and re-read*, sections 17 and 18 of the *Undergraduate Economics Handbook*: **A Guide to Good Practice in Assessed Work** and **Making the Best of Your Essays, Term Papers and Projects**. The information provided in the Handbook is ***VERY, VERY*** important. If you ignore the guidance, your project mark will certainly be lower than otherwise.

Empirical Projects

These are usually one of two types. You should discuss with your supervisor (or the director of projects) which is better for the question that you are interested in.

Type 1: An original piece of empirical analysis

- You need a model. Look for an author that you enjoy reading and do something similar. This might be adding an extra variable, trying out different functional forms, using different years/countries/industries. Discuss with your supervisor what kinds of extensions or differences are appropriate
- You need data. Some data is easily available, some isn't. For some projects it might even be appropriate to collect your own data. Check with your supervisor early on about whether data appropriate to your project is available. If not you should switch to another type of project
- You need to run regressions using a statistical package such as STATA. This package is available in the University PC Laboratories. Information about how to use it is available at the economics website and elsewhere.

If at all possible it is in your interest to attempt a *Type 1* project.

Type 2: A critical evaluation of the existing empirical literature

For some projects it will be impossible to conduct your own empirical work. This may be because

- No data are publicly available
- The estimation procedure is too complex for an undergraduate project
- There is nothing new that can be done using the available data and the techniques that you can use.

If, in consultation with your supervisor, you find this to be the case for you, then you still can attempt an empirical project. You can review the existing empirical literature on this issue.

You must do more than simply describe the studies you have read — you have to discuss them critically in the context of the following questions: Do they address correctly all the econometric problems inherent in their model? Are the results biased? If so, in what ways are the results biased? Which studies come closer to representing plausible theoretical models?

You can run regressions yourself and report the results if you wish either by simulating your own data to illustrate some of the problems in the existing literature or conduct your own "meta-analysis". (Meta-analysis involves treating the *results* of empirical studies are themselves as data. Regressions are then conducted to assess the sensitivity and robustness of the original findings.) If there is very little existing empirical literature, you could explain how you would estimate the parameter(s) of interest if suitable data were available, then discuss the econometric problems you would encounter and explore how you would address them.

You are encouraged, if at all possible, to collect data and analyse the data yourself — it is in your interest to do so (i.e. to demonstrate your knowledge of economics). Do not undertake a *Type 2* project simply as an excuse for taking the trouble to collect and analyse your own data. Undertake a *Type 2* project only if you can justify why it is not reasonable to attempt a *Type 1* project.

Theory projects

These are usually one of two types.

Type 1: An extension of an existing theoretical framework.

This type is very rare at the undergraduate level. Any such project should provide a clear motivation for the work. This could be to explain an empirical regularity (stylised fact) or to fill a gap in an existing theoretical literature. In any case, an important part of the project will be to place the work in context with previous work in the area. This requires an in-depth but focussed literature review.

The main body of the piece will be the exposition of the new theoretical results. Students writing such papers should be conscious of the fact that one or both of the examiners may not be familiar with the work being extended. A preliminary and brief component of the exposition should be dedicated to building up the general framework being used and the results that form the basis for the current work should be provided without proof but with the relevant references.

The exposition of the new work should follow logically from the description of the general framework but the point of departure should be clearly pointed out. Each step of your analysis should be well motivated. The use of proposition/proof analysis should be restricted to those parts of the exposition requiring extensive algebra which is best relegated to an appendix.

A discussion of your results should either be provided as they occur or in a separate section. The discussion should focus on the relationship between the results and the original motivation for the work as expressed in the introduction. Here you may want to describe how you might go about a more extensive piece on the topic for which there may not have been sufficient time in the course of a third year project.

Type 2: Assess the relevance of a body of theoretical work for topics it is designed to address. This is the most common form of theory project and is frequently attractive to students fearful of econometrics. A major component of such a project will be a literature survey. It is the general belief of the department that a description of a particular literature alone is not sufficient for an upper-second class mark and may not be adequate even for a lower-second class mark. You need to incorporate something original. The most straightforward way to do this is in the assessment of the validity of the literature to the real world issues it is meant to shed light upon. This can take the form of a case study or a piece of more rigorous empirical analysis. For this you should follow the section on empirical projects. Alternatively, the original component of the work could take the form of a synthesis of existing frameworks within the literature of interest. This will require completely new analysis, the exposition of which should conform to the suggestions for theoretical projects of type 1.

Policy Projects

A policy project is one in which you try to use economic analysis to evaluate some aspect of policy, be it to decide if a particular policy that has already been enacted is a success or if some policy currently being proposed is likely to be a good idea. Here is how a project could be structured.

- The Introduction ought to identify the policy in question and why it deserves to be written about. You should also indicate what you intend to say in the remainder of the paper, and what your findings are.
- You should have a section on the Policy itself. If it is an existing policy, state when it was enacted, in which country and the reasons why it was enacted. If it is a policy under consideration, find some reason why policy makers are interested in it. Most importantly, describe the economic variables (income, relative prices, etc.) that the policy is meant to influence.
- A section on the relevant Literature should also be included. Here, you should describe, in some detail, the economic arguments put forward about the policy. Among the things to discuss are:

1. the economic reasons why the policy will have its intended consequences;
2. arguments why the policy might fail;
3. unintended consequences or undesirable economic side effects.

Do not fall into the trap of merely listing the reasons newspapers give, or of repeating what policy makers say. For instance, “The Labour government thinks that the New Deal will lead to a reduction in long-term unemployment,” is not an economic argument. You should evaluate if this claim has any basis in economics.

- If the policy is already in effect, give a description of any empirical (econometric) evidence that exists in support or refutation of the arguments of the previous section. If the policy is not in force in the country you are studying but is in force elsewhere, outline the evidence from other nations.

- If you are so inclined, you can do your own empirical analysis of the effects of a particular policy. In this instance, follow the guidance for Empirical Projects, but feel free to incorporate hints from this note in your section on the Literature.
- Your Conclusion will present your judgement, based on the material you have already presented, of the merits of the policy. If you are unable to say if a policy is "good" or "bad", say what further information would be needed. For example, if there are multiple effects of a policy, say that estimates of which are the strongest would be needed. Try to avoid phrases like "On the other hand."

Statistical Sources

Most projects require statistical data of some sort. Locating the data needed for your project is one of your research tasks. You should not expect that it will be presented to you: you must look for the data you need. A vast amount of information is available in the Library and on the internet. A good starting point is:
http://libwww.essex.ac.uk/Subject_Resources/statistics_guide.htm

Interpretation of the ★

What do ★, ★★, ★★★ mean?

Against many of the titles you will find one or more stars, ★. Here is how to interpret them:

★ = it would be a good idea to consider using econometrics (typically, regression analysis) for this topic. While it may be possible to write a very good project for this title without using regressions, the opportunity to obtain a high mark (60, or above) could be improved with tests using regression analysis.

Remember the 'type II' empirical projects in which you conduct a formal empirical analysis for which your *data* (input) are the *results* (output) of earlier research. You should consider this approach seriously if a 'type I' empirical project is not feasible because you cannot obtain the raw data.

★★ = in order to obtain a high mark (60, or above) you should really expect to include statistical analysis, typically in the form of regressions to obtain estimates and make tests. It is possible to avoid regression analysis but this would jeopardise your chances of obtaining a high mark for this title.

★★★ = you should choose this title accepting that regression methods (or other serious econometrics) are needed to complete this project. If you are prepared to accept this challenge, you have at least as much opportunity as with any other topic to obtain an outstanding mark.

No stars? = while statistical analysis should not be needed to obtain a high mark (60, or above) for this title, you are definitely *allowed* to include regression analysis if you wish. *For **any** title, including some data or factual information presented in a systematic way is likely to enhance your presentation.*

A. MICROECONOMICS, INDUSTRIAL ECONOMICS, PUBLIC ECONOMICS AND ENVIRONMENTAL ECONOMICS

1. Examine the implications of uncertainty about, and the time horizon for, climate change for meaningful cost-benefit analyses of measures to control carbon emissions.

    Weitzman, M, 2001, "Gamma Discounting" *American Economic Review* 91(1),

    Guo, J.K., C. Hepburn, R.S.J. Tol and D. Anthoff, 2006, "Discounting and the Social Cost of Carbon: A Closer Look at Uncertainty", *Environmental Science and Policy*, 9, 205-216.

    Stern Review on the Economics of Climate Change available at www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm.

2. Examine the case for and against pricing the use of roads by vehicles in the UK. ★

    Leape, J. "The London Congestion Charge", *Journal of Economic Perspectives*, Volume 20, Number 4, Fall 2006, pp. 157–176

    Glaister S. and Graham D.J.: *Pricing our roads: vision and realit*y, Institute of Economic Affairs, 2004

3. Are Smokers Rational?

    Becker, G.S. and K.M. Murphy (1988), "A Theory of Rational Addiction", *Journal of Political Economy*, 96(4), 675-700.

    Chaloupka, F. (1991), "Rational Addictive Behavior and Cigarette Smoking", *Journal of Political Economy*, 99(4), 722-742

    de Vries, H., R. Engels, S. Kremers, J. Wetzels and A. Mudde (2003), "Parents and friends smoking status as predictors of smoking onset: findings from six European countries", *Health Education Research*, 18(5), 627-636

    Goel, R.K. amd M.A. Nelson (2008), "Global Effortd to Combat Smoking: An Economic Evaluation of Smoking Control Policies", Ashgate, ISBN 9780754648659

4. Do firms have an incentive to use "predatory tactics" to preclude the entry of potential competitors? If so, how does this predation succeed? ★

    Klevorick, Alvin K (1993). "The Current State of the Law and Economics of Predatory Pricing (in Antitrust and Industrial Organization)" The American Economic Review, Vol. 83, No. 2, Papers and Proceedings of the Hundred and Fifth Annual Meeting of the American Economic Association. (May, 1993), pp. 162-167.

    Ordover, Janusz A., G. Saloner and S. Salop (1990). "Equilibrium Vertical Foreclosure." The American Economic Review, Vol. 80, issue 1., 127-142.

    Whinston, Michael D (1990). "Tying, Foreclosure, and Exclusion." The American Economic Review, Vol. 80, issue 4., 837-859.

    Schmalensee, Richard (1978). "Entry Deterrence in the Ready-to-Eat Breakfast Cereal Industry." The Bell Journal of Economics, vol. 9, no. 2

5. “Patents are worthless: there would be the same amount of innovation with or without them.” Examine the value of patents and hence their effect on innovation. ★★

   Cohen, Wesley M., R.R. Nelson, and J.P. Walsh (2000) “Protecting Their Intellectual Assets: Appropriability Conditions and Why U.S. Manufacturing Firms Patent or Not” *NBER Working Paper* n. 7552.

   Anton, James J., H. Greene and D. Yao (2005) “The Policy Implications of Weak Patent Rights” available at: www.nber.org/~confer/2005/IPEs05/yao.pdf

6. “Since software is expensive to produce, Open Source cannot possibly make commercial sense for software developers.” Examine the incentives for, and impact of, Open Source software development.

   Open Source Initiative, and Open Source licenses: see www.opensource.org

   Lerner, J. and J. Tirole, 2005, “The Scope of Open-Source Licensing,” *Journal of Law, Economics & Organization*, 21(1), 20-56.

7. What effect do movie reviews have on “box office” of a film, if any? What types of reviewers and reviews are influential, and over what types of films? What explains this influence (or lack thereof), from an economic standpoint? ★★

   Reinstein, David and C.M. Snyder (2005). “The Influence of Expert Reviews on Consumer Demand for Experience Goods: A Case Study of Movie Critics” *Journal of Industrial Economics*, Vol. 53, No. 1, pp. 27-51.

   Eliashberg, Jehoshua and Steven M. Shugan. (1997) “Film Critics: Influencers or Predictors?” *Journal of Marketing* 61: 68–78.

   Terry, N., M Butler, D De’Armond (2005). “The determinants of domestic box office performance in the motion picture industry.” *Southwestern Economic Review*

   Basuroy, S., S Chatterjee, SA Ravid (2003). “How Critical Are Critical Reviews? The Box Office Effects of Film Critics, Star Power, and Budgets” *Journal of Marketing*

   Collins, Alan (2002). “What makes a blockbuster? Economic analysis of film success in the United Kingdom.” *Managerial and Decision Economics* 23(6)

8. “We should allow firms like Microsoft to maintain a dominant position in their markets because along with dominance comes increased incentives for innovation.” Examine the significance and impact of Microsoft on innovation in the software industry.

   Barro, Robert (1998) “Why the Antitrust Cops Should Lay Off High Tech,” Business Week, August 17.

   Cohen, W. and R. Levin (1989) “Empirical Studies of Innovation and Market Structure” Chapter 18 in The Handbook of Industrial Organization, Volume II, R. Schmalensee and R.D. Willig, Editors

9. “Financing constraints affect a firm’s decisions to pursue innovation and, further, internal financing is often the only way to finance R&D projects.” Examine the effect of financing constraints on Research and Development.

    Aghion, P., S. Bond, A. Klemm and I. Marinescu (2004) “Technology and Financial Structure: Are Innovative Firms Different?” *European Economic Review*, Journal of the European Economic Association, 2(2), pp. 277-288.

    Hall, Bronwyn (2002) “The Financing of Research and Development”, NBER Working Paper n. W8773

10. Intellectual Property Rights: Good or Evil? Examine the case for and against intellectual property rights.

    Dixon, P. and Greehalgh, C. “The Economics of Intellectual Property: A Review to Identify Themes for Future Research”, unpublished, available at: www.oiprc.ox.ac.uk/EJWP0502.pdf

    Boldrin, M. and Levine, D. K. “Against Intellectual Monopoly”, available at: www.dklevine.com/general/intellectual/against.htm

11. Explore the determinants of herding (information cascades). Discuss whether herding behaviour is rational.

    Bannerjee, A. “A Simple Model of Herd Behavior”, *Quarterly Journal of Economics*, 1992 107(3), pp.797-817

    Informational Cascades and Rational Herding: An Annotated Bibliography and Resource Reference: internet resource at: welch.econ.brown.edu/cascades/

12. What is the economic rationale for the television licence fee? How is this affected by the onset of digital broadcasting?

    Armstrong, Mark, and Helen Weeds. 2004. “Public service broadcasting in the digital world”. Available at http://www.econ.ucl.ac.uk/downloads/armstrong/PSB_Armstrong_Weeds.pdf

    Steiner, Peter O. 1952. “Program patterns and preferences, and the workability of competition in broadcasting”. *Quarterly Journal of Economics* 66(2): 194-223.

    Spence, Michael, and Bruce Owen. 1977. “Television programming, monopolistic competition, and welfare”. *Quarterly Journal of Economics* 91(1): 103-126.

    Andersen, Simon, and Stephen Coate. 2005. “Market provision of broadcasting: a welfare analysis”. *Review of Economic Studies*, 72(4), pp.947-972

13. Can economic theory explain bidding behaviour in the UK’s 3G spectrum auction? Why was the UK auction more successful in raising revenue than 3G auctions in other countries?

    Börgers, Tilman, and Christian Dustmann. 2005. “Strange bids: bidding behaviour in the United Kingdom’s Third Generation Spectrum Auction”. *Economic Journal*, 115 (July), pp.551-578

    Binmore, Kenneth, and Paul Klemperer. 2002. “The biggest auction ever: the sale of the British 3G telecom licences”. *Economic Journal* 112: 74-96.

Klemperer, Paul. 2004. *Auctions: Theory and Practice*. Princeton University Press.

14. Is product bundling anticompetitive? Illustrate with reference to at least one competition case. [*State the case that you plan to study.*]

    Adams, W. J., and Janet Yellen. 1976. "Commodity bundling and the burden of monopoly". *Quarterly Journal of Economics* 90: 475-498.

    Whinston, Michael. 1990. "Tying, foreclosure, and exclusion," *American Economic Review* 80: 837-859.

    Nalebuff, Barry. 2003. "Bundling: GE-Honeywell" in John Kwoka and Lawrence White (eds.), *The Antitrust Revolution: Economics, Competition, and Policy*, 4th edition, Oxford University Press.

    Nalebuff, Barry. 2003. "Bundling, tying, and portfolio effects. Part 1 – conceptual issues". *DTI economics paper* no. 1, Feb 2003. Available at http://www.dti.gov.uk/ccp/topics2/pdf2/bundle1.pdf

    Nalebuff, Barry and David Majerus. 2003. "Bundling, tying, and portfolio effects. Part 2 – case studies". *DTI economics paper* no. 1, Feb 2003. Available at http://www.dti.gov.uk/ccp/topics2/pdf2/bundle2.pdfthree

15. Analyse the evidence on the behaviour of players in games with a mixed strategy Nash equilibrium.

    O'Neill, B. "Nonmetric tests of the minmax theory of two person zero sum games", *Proceedings of the National Academy of Sciences*, 1987, vol. 84 (7), pp. 2106-2109.

    Walker, M. and J. Wooders, (2001) "Minmax Play at Wimbledon", *American Economic Review*, vol. 91(5), pp. 1521–1538.

    Chiappori, P-A., S. Levitt and T. Groseclose (2002), "Testing Mixed-Strategy Equilibria When Players Are Heterogeneous: The Case of Penalty Kicks in Soccer", *American Economic Review*, vol. 92 (4), pp. 1138–1151.

16. "The market for books is characterized by relatively few market failures, and those that exist can be relatively easily corrected with market instruments. Apart from promoting reading, there is little need for government intervention." Discuss.

    Canoy, M., F. van der Ploeg, and J. C. van Ours, (2005) "The Economics of Books", *CEPR Discussion Paper 4892*.

    Clerides, S.K. (2002) "Book Value: Intertemporal Pricing and Quality Discrimination in the US market for Books", *International Journal of Industrial Organization*, 20(10): 1385-1408

    Goolsbee, A. and J. Chevalier (2002), "Measuring Prices and Competition online: Amazon and Barnes and Noble", WP 9085, NBER Working Paper, Cambridge MA.

17. What determines the price of an object sold in an online auction? Answer with reference to the "penny black", using data from eBay auctions. ★

    Melnik, M. I. & J. Alm (2002) "Does a seller's eCommerce reputation matter? Evidence from eBay auctions," *Journal of Industrial Economics*, vol 50, issue 3, pp337–49.

    Lucking-Reiley, D., D. Bryan & D. Reeves (2000) "Pennies from eBay: the determinants of price in online auctions", Vanderbilt University Working Paper no. 00-w03 (available at www.vanderbilt.edu/Econ/workpaper/vu00-w03.pdf)

    Data: Compile a data set from observations of eBay auctions for the "penny black" — there are many of these with different reserves/time horizons/seller ratings. Once the auction has ended, it is possible to obtain the full bidding history.

18. Analyse the pricing policies of shops/supermarkets in Colchester. ★

    Aggarwal, P. & Cha, T. (1998), "Asymmetric Price Competition and Store versus National Brand Choice", *Journal of Product and Brand Management*, March 1998, vol. 7, no. 3, pp. 244-253.

    Smith, MF. Sinha, I. "The Impact on Price and Extra Product Promotions on Store Preference," *International Journal of Retail and Distribution Management*, March 2000, vol. 8, no. 2, pp. 83-92.

19. For a research field of your choice (e.g. genetically modified animals) compare the patenting behaviour of corporations and universities. Possible aspects of patenting behaviour include the importance of patented innovations, the pattern of citations (who cites whom?) and the time that elapses between patent filing and patent approval. [*State the research field you will study.*] ★

    Jaffe, A., and M. Trajtenberg, *Patents, Citations, Innovations*, MIT Press, 2002.

    Conti, Maurizio, P. Régibeau and K. Rockett, "How Basic is (Patented) University Research? The Case of GM Crops", Working paper 558, University of Essex, June 2003.

    Data: obtain data from the US Patent office website at www.uspto.gov.

20. "Learning by Doing can be as important a determinant of the level of costs as economies of scale." Discuss with reference to a specific industry. [*State your choice of industry.*] ★★

    Argote, L, Beckman, SC, Epple, D , "The Persistence and Transfer of Learning in Industrial Settings," *Management Science*, Feb 1990, vol.36, no.2, pp.140–154.

    Darr, E. Argote, L., Epple, D. "The Acquisition, Transfer and Depreciation of Knowledge in Service Organisations: Productivity in

Franchises," *Management Science,* Nov 1995, vol. 41, no.11, pp.1750-1762.

21. "Different techniques to define a market can result in widely varying conclusions on market structure and, hence, widely varying conclusions in antitrust cases." Discuss with reference to a specific market. [*State your choice of market.*] ★★

    Scheffman, David and Pablo Spiller, "Geographic Market Definition Under the U.S. Department of Justice Merger Guidelines," *Journal of law and Economics*, vol.30, 1987, pp. 123-148.

    Stigler, George J., Robert A. Sherwin, "The Extent of the Market," *Journal of Law and Economics*, vol.28, October 1985, pp. 555 - 585.

22. "The existing design of the patent system is suboptimal." Discuss with reference to a specific product, market or technology. [*State your choice of product, market or technology.*] ★★

    Scotchmer, Suzanne, (1991) "Standing on the Shoulders of Giants: Cumulative Research and The Patent Law," *Journal of Economic Perspectives*, vol.5, no.1, Winter 1991, pp. 29-41.

    Anderman, Steven, (1997). *EC Competition Law and Intellectual Law*, Oxford: Oxford University Press.

    Kremer, M, (1998), "Patent Buyouts: A mechanism for Encouraging Innovation", *Quarterly Journal of Economics*, vol.113, no. 4, November 1998, pp. 1137 - 1167.

23. "Some countries promote an industrial policy that emphasises the promotion of 'national champions', often large enterprises which are hoped will take on top positions in the 'world league' of 'global players' provided they are 'strong enough'. We should oppose these developments because the concepts of economic theory and economic policy on which they are based are partly incorrect and partly impracticable." Explain and assess.

    Brander, J. A., 'Strategic Trade policy' in G. M. Grossman and K. Rogoff, eds., *Handbook of International Economics.* (Amsterdam: Elsevier, 1995) pp. 1395-1455

    Competition Policy under the Shadow of National Champions, The Fifteenth Biennial Report, 2002/2003 by the Monopolkommission, available at: http://www.monopolkommission.de/haupt_15/sum_h15_en.pdf.

24. Analyse the advantages and disadvantages of privatising postal services. Illustrate your analysis with evidence from services in countries that have privatised some, or all, postal services. ★

    Lenard, Thomas M., "The Efficiency Costs of the Postal Monopoly. The

Case of Third-Class Mail," *Journal of Regulatory Economics*, vol.6, no.4, December 1994, pp. 421-431.

Crew, M, Kleindorfer, PR., "Efficient Entry, Monopoly and the University Service Obligation of the Postal Service," *Journal of Regulatory Economics*, vol. 14, no.2, September 1998, pp.103-125.

25. "Firms are justified in their hesitancy to license new technological innovations, particularly internationally, since it is relatively easy for licensees to imitate around patents." Discuss using evidence from a specific market or country (e.g. China). [*State your choice of market or country.*]

Levin, Richard C., Klevorick, Alvin K., Nelson, Richard R., Winter, Sidney G., "Appropriating the Returns from Industrial Research and Development", *Brookings Papers on Economic Activity*, vol.3 (Special Issue on Microeconomics), 1987, pp.783-820.

Mansfield, Edwin, *Intellectual Property Protection, Foreign Direct Investment and Technology Transfer*, Discussion Paper no.19, 1994, International Finance Corporation, World Bank, Washington DC.

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Geroski, Paul, (1994). *Market Structure, Corporate Performance, and Innovative Activity*, Oxford: Clarendon Press.

Sutton, John, (1998). *Technology and Market Structure: Theory and History*, Cambridge; Mass: MIT Press.

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Salop, S.C., (1979). "Monopolistic Competition with Outside Goods" *Bell Journal of Economics*, pp.141-56.

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Bergman, L., Brunekreeft, Doyle, Von der Fehr, Newbery Pollitt and Régibeau, (1999). *A European Market for Electricity?* London: CEPR.

Midttun, A., (1997) *European Electricity Systems in Transition*, Oxford: Elsevier.

33. Discuss the effect of the internet on competition in the Telecom industry.

MacKie Mason, J. and H. Varian, 'Economic FAQS About The Internet', *Journal of Economic Perspectives*, Summer 1994 pp. 75 – 96.

Edwards, L. and Woilde, C. (Eds), (1997). *Law and the Internet: Regulating Cyberspace*, Oxford: Kant Publishing.

34. Analyse whether government spending is likely to be greater in countries with more centralised political institutions. ★★

Oates, W.E., (1985). "Searching for Leviathan: an Empirical Study", *American Economic Review*, vol.75, pp 748-757.

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35. Does government support to charitable institutions 'crowd out' private donations (i.e., is there an inverse relationship between government support for charities and private donations)? What do your results suggest about the extent to which governments should support private charities? ★★

Powell, W. (Ed.), (1987). *The Nonprofit Sector: A Research Handbook*, New Haven: Yale University Press. Chapters 3, 18 and 19.

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Demsetz, C. and K. Lehn (1985), “The structure of corporate ownership”, *Journal of Political Economy*, vol. 93, pp 1155-1177.

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The IFS web site (www.ifs.org.uk) is a vital source of information here.

40. Are alcoholic drinks taxed too heavily in the UK? ★

Baker, P. and V. Brechling (1992). “The impact of excise duty changes on retail prices: Evidence for the UK.” *Fiscal Studies,* vol.13, no. 2, May 1992.

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41. Can punters win? Are U.K. betting markets on sporting events efficiently aggregating information? ★

Asch P., B.G. Malkiel and R.E. Quandt, (1984) “Market efficiency in racetrack betting” *Journal of Business*, vol. 57, no. 3, July 1984, pp.165-75.

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    Feldmen, A., (1980). *Welfare Economics and Social Choice Theory*, Kluwer Academic Publishers.

    Phlips, L., (1983). *The Economics of Price Discrimination***,** Cambridge: Cambridge University Press.

43. Why do car prices differ across European countries? ★★★

    Verboven, F. (1996). International Price Discrimination in the European Car Market", *Rand Journal of Economics*, vol. 27, pp. 240-268.

    Davidson, D., M. Dewatripont, V. Ginsburgh and M. Labbe, (1989). "On the Welfare Effects if Anti-discrimination Regulations in the EC Car Market", *International Journal of Industrial Organization*, vol.7, no. 2, pp. 205 -230.

44. Analyse the factors that facilitate or hinder the formation and stability of collusive agreements among firms (e.g., cartels). ★

    Slade, M (1990), "Strategic Pricing Models and Interpretation of Price-War Data", *European Economic Review*, vol.34, pp. 524-537.

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    Rose, N. L. (1990) "Profitabiliy and quality: economic determinants of airline safety performance." *Journal of Political Economy* vol.98, no. 5, part 1, Oct. 1990, pp. 944 – 964.

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    E, Berglas, (1981). "Harmonization of Commodity Taxes", *Journal of Public Economics*, vol. 16, pp. 377-87.

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T. Barker and J. Kohler (November 1998), "Equity and Ecotax Reform in the EU: achieving a 10 percent reduction in CO_2 emissions using excise duties", *Fiscal Studies***,** vol. 19, No. 4 pp. 375-402.

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Abowd, J. and D. Kaplan (1999), "Executive Compensation: Six Questions that Need Answering", *Journal of Economic Perspectives*, Fall, pp. 145 - 168.

Kaplan, S. (1994), "Top Executive Reward and Firm Performance: A Comparison of Japan and the US", *Journal of Political Economy*, vol. 102, no. 3, pp. 510 - 546.

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Williams, M. and D. Siegel (2000), "CSR and Financial Performance", *Strategic Management Journal*, pp. 603 – 609

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Koehn, T and T.S. Szymanski, (1999), "The Americanisation of European Football", *Economic Policy*, April, pp. 205 - 233.

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Barankay, I and B. Lockwood (2004), "Decentralization and the Productive Efficiency of Government: Theory and Evidence from Swiss Cantons", *mimeo*, University of Essex

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Treisman, D. (2002), “Decentralization and the Quality of Government”, unpublished paper, Department of Political Science, *UCLA*.
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54. Do decision-makers behave rationally in the face of uncertainty? Choose one application of the theory of choice under uncertainty. Explain what it would mean for decision-makers to behave rationally in the context of that application. Examine the evidence for and against decision-makers’ rationally in the context of the application. [*State your choice of application.*]

Allingham, M. (1999), *Rational choice*, Basingstoke: Macmillan Press.

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B: MACROECONOMICS, MONETARY ECONOMICS, AND FINANCIAL ECONOMICS

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    Taylor, John, 1993. "Discretion Versus Policy Rules in Practice", *Carnegie-Rochester Series on Public Policy* 39, 195-214

56. Should monetary policy respond to asset prices and asset bubbles?

    Bordo, M. and O. Jeanne (2002): "Monetary Policy and Asset Prices: Does 'Benign Neglect' Make Sense?", *International Finance* 5, 139-164.

    Posen, A. (2006): "Why Central Banks Should Not Burst Bubbles", *International Finance* 9, 109–124.

    Roubini, N. (2006): "Why Central Banks Should Burst Bubbles", *International Finance* 9, 87–107.

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    Kaminsky, Graciela, Carmen Reinhart and Carlos Vegh, 2004: "When It Rains, It Pours: Procyclical Capital Flows and Macroeconomic Policies", *NBER Macroeconomics Annual*, 11-53.

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    Barro, R. and X. Sala-i-Martin (1995), *Economic Growth*, London: McGraw-Hill.

    Benabou, R.(1996), "Inequailty and Growth", *NBER Macroeconomics Annual***.** Vol. 11, pp. 11 - 91

59. Why did Japan experience a prolonged slump in the 1990s? To what extent is misguided government policy to blame? ★

    Krugman, P. R. ''Further Notes on Japan's Liquidity Trap'' (undated, probably 1999), unpublished.
    The Official Paul Krugman Website:http://web.mit.edu/people/krugman/index.html

    Ball, L. (2005) "Fiscal Remedies for Japan's Slump" NBER Working Paper No. 11374, May, Cambridge: MA.

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60. How would you account for the causes of the East Asian financial crisis of 1997? Evaluate the impact of the crisis on trade and economic development in *one* country of your choice. [*State your choice of country.*] ★★

Radelet, S. and J. D. Sachs (1998), ''The East Asian Financial Crisis: Diagnosis, Remedies, Prospects'' *Brookings Papers on Economic Activity*, No. 1, pp. 1–90.

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Geanakoplos, J., Magill, M. and Quinzii, M. (2004) "Demography and the Long-run predictability of the Stock Market", *Brookings Papers on Economic Activity*, No. 1, 2004, pp. 241-325.

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63. For a country, or stock market, of your choice explore the evidence for or against the Capital Asset Pricing Model (CAPM). [*State your choice country or market.*] ★★★

Liu Weimin (2006), "A liquidity-augmented capital asset pricing model", *Journal of Financial Economics* 82, pp. 631–671

Fama Eugene F. and Kenneth R. French (2004)," The Capital Asset Pricing Model: Theory and Evidence", *Journal of Economic Perspectives*, Vol.18, No. 3, pp. 25–46

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Casu, B. and Girardone, C. : “Bank Competition, Concentration and Efficiency in the single European Market”; *The Manchester School,* vol. 74, No. 4, 2006

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European Central Bank: *EU Banking Structure*; Frankfurt, October 2006

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65. Who gains from takeovers? ★

Jensen, M. C. and R. S. Ruback (1983), “The Market for Corporate Control: The Scientific Evidence”, *Journal of Financial Economics*, vol. 11, pp. 5-50.

Jarrell, G. A., J. A. Brickely and J. M. Netter (1988) “The Market for Corporate Control: The Empirical Evidence since 1980”, *Journal of Economic Perspectives*, vol. 2.

66. Conduct an ‘event study’ for an event of your choice. An ‘event’ is a specific occurrence, the consequences of which are predicted from economic theory, for example a ‘stock-split’ – as when, on 21 June 2004, Proctor & Gamble Inc. made a 2-for-1 split dividing each of its existing shares into two new shares. There are many other events (e.g. merger of two companies, the sinking of the Titanic in 1912), not necessarily in finance. The project involves (a) identifying a particular event, (b) formulating a model that predicts the consequences of the event, (c) collecting relevant data, (d) testing whether the predictions are consistent with the evidence. [*State the event that you will study.*] ★★★

MacKinlay, A. C. (1997) “Event Studies in Economics and Finance” *Journal of Economic Literature*, vol. 35, pp.13–39

Fama, E. F., L. Fisher, M. Jensen and R. Roll (1969) “The adjustment of stock prices to new information” International Economic Review, vol. 10, pp. 1–21

Bailey, R. E. (2005) *Economics of Financial Markets*, chapter 3, Cambridge University Press

67. Analyse the problem of the underpricing of Intial Public Offerings of Stocks. ★★

R. P. Beatty and J. R. Riffer (1986) “Investment Banking Reputation, and the Underpricing of Initial Public Offerings**,”** *Financial Economics*, vol.15, pp. 213-232.

B. Chowdhry and A. Sherman (1986**) "**International Differences in Over Subscription and Underpricings of IPOs," *Corporate Finance*, vol.2, pp.359-381.

68. How do investors view 'individual payments' from companies to their share-holders? ★

S. Bhattacharya (1979) "Imperfect Information, Dividend Policy and the 'Bird in the Hand Fallacy," *Bell Journal of Economics*, vol.10, pp. 259-70.

P. Healy and K. Palepu (1988) "Earnings Information conveyed by Dividend Initiations and Omissions**,"** *Journal of Financial Economics*, vol. 21, pp. 149-175.

69. Analyse why the way in which a firm raises its capital affects the value of its shares. ★★

Tirole, J. (2006) *Theory of Corporate Finance,* Princeton University Press.

D. H. Chew Jr, *The New Corporate Finance: Where Theory Meets Practice***,** London: McGraw Hill 2001.

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70. To what extent and in what ways does the taxation of financial assets influence innovations in the financial sector? ★

Chamley, Christophe (1991), "Taxation of Financial assets", *The World Bank Economic Review*, 5(3), pp. 513-533.

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71. Critically assess the extent to which theories of behavioural finance can explain fluctuations in stock market prices since the early 1990s. ★

Shiller, R. J. (2005) *Irrational Exuberance*, second edition, Princeton University Press

Thaler, R. H. (ed) (2005) *Advances in Behavioural Finance*, volume II, Princeton University Press.

Shefrin H., (2002), *Beyond Greed and Fear*, Oxford, Oxford University Press

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K. J. Perry and R. A. Taggart (1993), "The Growing Role of Junk Bonds in Corporate Finance," in D. H. Chew Jr, **T***he New Corporate Finance: Where Theory Meets Practice***,** London: McGraw Hill.

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Petersen, M. A. and R. G. Rajan, "Trade Credit: Theories and Evidence" *Review of Financial Studies*, vol 10, Fall 1997, pp. 661–691.

Burkart M. and T. Ellingsen (2004) “In-Kind Finance: A Theory of Trade Credit”, *American Economic Review*, vol. 94(3), 569-590

Long M. S., I.B. Malitz and S. A. Ravid (1993) “Trade Credit, Quality Guarantees, and Product Marketability” *Financial Management*, vol. 22, n. 4, pp. 117-127.

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Marquez, R. (2002) “Competition, Adverse Selection, and Information Dispersion in the Banking Industry,” *Review of Financial Studies*, vol. 15, n. 3, pp. 901-926.

74. How should the ‘burden of the National Debt’ be measured? Evaluate the burden of the National Debt in Britain (or another country of your choice) for either (a) the century before 1914 or (b) since 1914.

Buchanan, J. M (1958), *Public Principles of Public Debt – a Defense and Restatement*, Homewood

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75. Use historical evidence on banking crises to study the extent to which central banks (i) acted as *lender of last resort;* (ii) should have acted as *lender of last resort*; and (iii) should generally act to support failing banks.

Friedman, M. and A.J. Schwartz (1963), *A Monetary History of the United States 1867-1960*, Princeton: Princeton University Press

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Moore, G. (1999) “Solutions to the moral hazard problem arising from the lender-of-last-resort facility”. *Journal of economic surveys*. 13(4) September, 443-476.

Hasan, I. & Dwyer, G.P. (1994) “Bank runs in the free banking period.” *Journal of money, credit and banking*. 26(2) May, 271-288.

Goodhart, C.A.E. & Huang, H.(2005) “The lender of last resort.” *Journal of banking and finance*. 29(5) May, 1059-1082.

Goodhart, C.A.E.& Illing, G. [Eds.] (2002) *Financial crises, contagion, and the lender of last resort: a reader.* Oxford: Oxford University Press.

Wood, G. (1999) “Great crashes in history: have they lessons for today?” *Oxford review of economic policy.* 15(3), Autumn, 98-109.

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Gorton, G. (1988) "Banking panics and business cycles" *Oxford economic papers*. 40(4), December, 751-781.

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Mishkin, F. (2007): *The Economics of Money, Banking, and Financial Markets*, 8th Edition, Addison-Wesley, chapter 11.

77. For a commodity of your choice, examine the effectiveness of futures contracts as a device for hedging against fluctuations in the price of the underlying commodity. ★★

Duffie, J.D. (1989), *Futures Markets*, Englewood Cliffs, London: Prentice Hall.

Goss, B.A. (2000), *Models of Futures Markets*, Routledge.

78. Examine the evidence for or against a long-run relationship between the money stock and income, the money stock and prices in the United Kingdom. To what extent is the evidence consistent with theoretical predictions? ★★★

Friedman & Kuttner, (1992) "Money, Income, Prices and Interest Rates", *American Economic Review*, pp. 472 - 493.

Capie, F. and A. Weber (1985), *A Monetary History of the United Kingdom 1870 – 1982*, London: Allen & Unwin.

79. Investigate the relationship between the money stock and aggregate output fluctuations in the UK. To what extent are your results sensitive to the definition of the money and to the presence of other factors (e.g., interest rates) in explaining output fluctuations? ★★★

Friedman & Kuttner, 1992, "Money, Income, Prices and Interest Rates", *American Economic Review*, pp. 472 - 493.

Sims, CA.(1980), "Comparison of Interwar and Postwar Business Cycles: Monetarism Reconsidered", *American Economic Review*, vol. 70, Papers and Proceedings, pp. 250-257.

80. Analyse the benefits and costs of adopting a currency board to administer monetary policy. Hence investigate the experience of a country of your choice that has adopted a currency board to control the exchange rate of its currency. ★

    Ghosh, A. R., A-M. Gulde and H. C. Wolf (2000) "Currency Boards: more than a quick fix?" *Economic Policy*, no 31, October 2000, pp 271-335

    Williamson, J. *What Role for Currency Boards?*, *Institute for Inernational Economics* September 1995, ISBN 0-88132-222-9

81. Analyse the effects of financial liberalization on capital markets and macroeconomic stabilization policy. ★

    Hellmann, Thomas F.; Kevin C. Murdock; and Joseph E. Stiglitz. (2000), "Liberalization, Moral Hazard in Banking, and Prudential Regulation: Are Capital Requirements Enough?" the *American Economic Review,* vol. 90, No. 1, pp.147–165

    Ranciere Romain, Aaron Tornell and Frank Westermann (2006), "Decomposing the effects of financial liberalization: crisis vs. growth", *Journal of Banking & finance* 30, pp. 3331-3348

82. Investigate the extent to which uncertainty about future inflation rates influences investment expenditures in a country of your choice. [*State your choice of country.*] ★★

    Pindyck, R. (1991), "Irreversibility, Uncertainty and Investment", *Journal of Economic Literature*, vol. 29, no. 3, pp. 1110-1148.

    Huizinga (1993), "Inflation uncertainty, Relative price uncertainty, and Investment in US Manufacturing", *Journal of Money, Credit and Banking,* vol. 25, no. 3, pp. 521-549.

83. Evaluate the role of human capital accumulation in long-run growth. ★

    Benhabib, J. and M. Spiegel (1994), "The role of human capital in economic development. Evidence from aggregate cross-country data." *Journal of Monetary Economics*, vol. 34, pp 143-173.

    Mankiw, G., D. Romer and D. Weil (1992), "A contribution to the empirics of economic growth." *Quarterly Journal of Economics*, vol.106, pp 407-437.

84. What evidence, if any, is there that government budget deficits affect national income (i.e., aggregate output) and employment. [*State the country of your choice.*] ★★

Miller, P. J., and W. Roberts (1992), "How Little we know about Deficit Policy Effects", *Federal Reserve Bank of Minneapolis*, Winter, pp. 2-11.

Bernheim, B. D. (1989) "A Neoclassical Perspective on Budget Deficits", *Journal of Economic Perspectives*, Spring, pp. 55-72.

85. What criteria are, and have been, used to determine monetary policy. Examine the evidence for and against the view that central banks can control inflation. Should central banks target zero inflation? ★★

Hoskins, W. Lee (1991), "Defending Zero Inflations All for Naught", *Federal Reserve Bank of Minneapolis Quarterly Review*, Spring, pp. 16-20.

Summers, L. (1991) "How Should Long-term Monetary Policy be Determined?" Plan Discussion : Price Stability, *Journal of Money, Credit and Banking*, vol. 23, no. 3, part 2, Aug. 1991, pp 625-31.

86. Investigate the conditions in which a poor countries can grow at a sufficiently fast pace to overtake rich countries. Illustrate your analysis with evidence since the middle of the 20th century. ★★

Barro, J. And X. Sala-i-Martin (1992), "Convergence", *Journal of Political Economy*, vol. 100, no. 2, Apr. 1992, pp. 223-251.

Romer, P. (1994), "The Origins of Endogenous Growth", *Journal of Economic Perspectives*, vol. 8, no. 1, Winter 1994, pp. 3- 22.

87. Investigate, using empirical evidence, the relationship between countries' financial systems and their economic growth. ★★

Levine, Ross (1997), "Financial development and economic growth: views and agenda", *Journal of Economic Literature*, 35(2), pp.688-726

Beck, Thorsten, Ross Levine (2004), "Stock markets, banks, and growth: Panel evidence", *Journal of Banking & finance* 28, pp. 423–442

88. To what extent and in what ways do governments' fiscal policies in industrial countries reflect the nature of their political institutions. ★

Grilli, V., D. Mascarandaro and G. Tabellini (1991). 'Political and monetary institutions and public finance policies in industrial countries', *Economic Policy* vol. 13, pp. 341-392.

Roubini, N. and J. Sachs (1989). 'Government spending and budget deficits in the industrial countries', *Economic Policy*, no. 8, April 1989, pp. 99-132

89. Explore the relationship between government economic policy and the timing of elections for a country of your choice (i.e., investigate whether popular policies are more likely to be adopted shortly before elections and less popular policies following elections). [*State the country of your choice.*] ★★

Alogoskoufis, G., B. Lockwood, and A. Philippopoulos (1992). 'Wage Inflation Electoral Uncertainty and the Exchange Rate Regime', Essex Discussion Paper, No. 400.

Nordhaus (1990)., 'Alternative Approaches to the Political Business Cycle', *Brookings Papers*, pp. 1-49.

90. To what extent, if at all, can economic fluctuations since the mid-nineteenth century be interpreted in terms of "long swings" in economic activity? ★

Kondratiev, N. D. (1935). 'The long waves of economic life', *The Review of Economic and Statistics*, vol. 17, pp. 105-115.

Rostow, W. W. (1980), *The poor get richer and the rich slow down: Essays in the Marshallian long period*, London: Macmillan

91. Build a model of savings behaviour and use it to examine the experience of Britain since 1990. [*You may choose a different country and a different starting date: if so state these in your project choice form.*] ★★★

Attanasio, O.P. and J. Banks: (2001) "The Assessment: Household Saving – Issues in Theory and Policy", *Oxford Review of Economic Policy*, vol 17, No. 1., pp. 1–19.

Kotlikoff, L. J., (1989) *What determines saving?* , Cambridge, Mass: MIT Press.

92. Given the relationship between the government's budget deficit and interest rates it is sometimes argued that taxes may have to be raised even in a recession. Evaluate this argument in the context of the experience of one country. [*State the country of your choice.*] ★

Yellen, J. (1989). 'Symposium on the Budget Deficit', *Journal of Economic Perspectives*, vol. 3, no. 2, Spring 1989, pp. 17-21

Eisner, R. (1989). 'Budget Deficits: Rhetoric and Reality', *Journal of Economic Perspectives*, vol. 3, no. 2, Spring 1989, pp.73-93

93. What are the effects of capital market imperfections on corporate investment? ★

Devereux, M. P. and F. Schiantarelli (1989), "Investment, financial factors and cash flow: Evidence from UK panel data", in *Information, Capital Market and Investment*, edited by G. Hubbard, University of Chicago Press.

Fazzari, S., G. Hubbard and B. Peterson (1988), "Financing constraints and corporate investment", *Brooking Papers on Economic Activity*, pp. 141-195.

Whited, T. (1992), "Debt, liquidity constraints and corporate investment: Evidence from panel data", *Journal of Finance*, No. 4, pp. 1425-60.

94. What is the significance of the "bank credit channel" for the impact of monetary policy on aggregate demand? ★★

Bernanke, B. and A. Blinder (1988), "Credit, money and aggregate demand", *The American Economic Review, Papers and Proceedings*, vol. 78, pp. 435-39.

Bernanke, B. and A. Blinder (1992), "The federal funds rate and the channels of monetary transmission", *American Economic Review*, vol. 82, no. 4, pp. 901-21.

Kashyap, A., J. Stein and W. Wilcox (1993), "Monetary policy and credit conditions: Evidence from the composition of external finance", *American Economic Review*, vol. 83, no. 1, pp. 78-98.

95. Governments must take account of the effects of their policies on future generations. If not, tomorrow's taxpayers will bear a heavy burden. Discuss how (and if) this principle should be implemented in practice.

Kotlikoff, L. (1992), *Generational Accounting*, New York Free Press.

Auerbach, A., L. Kotlikoff and J. Gokhale (1991), "Generational accounting: A meaningful alternative to deficit accounting", in David Bradford, ed., *Tax Policy and the Economy*, Vol. 5, Cambridge: MIT Press.

96. "The production smoothing model of inventories has long been the basic paradigm within which empirical research on inventories has been conducted. The basic hypothesis embedded in this model is that inventories of finished goods serve primarily to smooth production levels in the face of fluctuating demand and convex cost functions. In fact, the variance of production exceeds the variance of sales in virtually all manufacturing industries", (Eichenbaum, 1989). How can this puzzle be explained? ★

Blinder, A. and L. Maccini (1991), "Taking stock: A critical assessment of recent research on inventories", *Journal of Economic Perspectives*, pp. 73-96.

Kashyap, A. and W. Wilcox (1993), "Production and inventory control at General Motors Corporation during the 1920's and 1930's", *The American Economic Review*, vol. 83, no. 3, pp. 383-401.

Ramey, V. (1991), "Nonconvex costs and the behaviour of inventories", *Journal of Political Economy*, vol. 99, pp. 306-334.

97. Critically assess the evidence for and against the hypothesis that there has been a convergence of per-capita incomes across countries in the decades since the end of the Second World War. ★★★

Summers, R. and A. Heston (1991), "The Penn world table (mark 5): An expanded set of international comparisions, 1950-1988", *Quarterly Journal of Economics*, vol. 106, pp. 327-68.

Barro, R. (1991), "Economic growth in a cross-section of countries", *Quarterly Journal of Economics*, vol.106, pp. 407-44.

98. To what extent did tight monetary policy cause a recession in the UK in the early 1980's. ★★

Layard, R., S. Nickel and R. Jackman (1991), *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford: Oxford University Press.

Booth, P. (ed), 2006, *Were 364 Economists All Wrong?* Institute for Economic Affairs, available online at: www.iea.org.uk/files/upld-publication310pdf

99. What were the consequences for UK national income and employment of North Sea Oil? ★

Layard, R., S. Nickel and R. Jackman (1991), *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford: Oxford University Press.

Chrystal, A. and S. Price, (1994), *Controversies in Macroeconomics*, Simon and Schuster.

100. Examine the relationship between political instability and the level of a nation's public debt. Is there any evidence that political polarization affects the level of debt? ★★

Alesina, A. and R. Perotti (1994), "The political economy of budget deficits", *IMF Staff Papers*, vol. 42, pp. 1-33.

Tabellini, G. and A. Alesina (1990), "Voting on the budget deficit", *American Economic Review*, vol. 80, no. 1, Mar. 1990, pp. 37-49.

101. Investigate whether and with what accuracy the term structure of interest rates (as reflected in the shape of the yield curve) can be used to predict future macroeconomic activity. ★★

Howells & Bain (1998), *Money, Banking and Finance*, Harlow: Longman.

Peel & Taylor (1998): "The slope of the yield curve and real economic activity"

*Economic Letters***,** vol. 59, no. 3, pp. 353-360.

Hu (1993): "The yield curve and real activity" *International Monetary Fund Staff Papers***,** vol.40, no.4, pp.781-806.

102. Explain alternative theories of the term structure of interest rates. Critically assess the empirical evidence for and against each of these theories. ★★

Campbell, J. (1995): “Some Lessons from the Yield Curve”, Journal of Economic Perspectives 9, 129-152.

Melino, Angelo, 1988. "The Term Structure of Interest Rates: Evidence and Theory", Journal of Economic Surveys, 2, 335-66.

Mishkin, F. (2007): *The Economics of Money, Banking, and Financial Markets*, 8^{th} Edition, Addison-Wesley, chapter 6.

103. What are the possible causes of bank runs, and what can be done to avoid them?

Balino & Sundararajan (1991), *Banking crises: cases and issues*, Washington D.C, International Monetary Fund.

Freixas & Rochet (1997), *Microeconomics of banking*, Cambridge; New York: Cambridge University Press.

Kindleberger & Laffargue (1982), *Financial Crises: Theory, History, and Policy*, Cambridge; New York: Cambridge University Press.

Diamond & Dybvig (1983): "Bank runs, deposit insurance and liquidity" *Journal of Political Economy*, Vol. 91, no. 3, Jun 1983, pp. 401-419.

104. Analyse the predictability of foreign exchange rates in the context of the rate of exchange between the US dollar and other currencies in the years following the collapse of the Bretton Woods system. ★

Frankel, J. and A. Rose. (1995). “Empirical Research on Nominal Exchange Rates.” in *Handbook of International Economics* Vol. III, edited by G. Grossman and K. Rogoff, pp. 1689-1729. Elsevier Science.

Mark, N. (1995). “Exchange Rates and Fundamentals: Evidence on Long-Horizon Predictability.” *American Economic Review*, 85, 201-218.

MacDonald, R. and I. Marsh. (1997). “On Fundamentals and Exchange Rates: A Casselian Perspective.” *Review of Economics and Statistics*, 79, 655-664.

105. How does exchange rate volatility affect foreign direct investment? How might membership of the Euro affect such investment for the UK? ★★★

Pindyck, Robert. 1991. “Irreversibility, Uncertainty and Investment”, *Journal of Economic Literature* 29(2): 1110-1148.

Darby, Julia, Andrew Hughes Hallett, Jonathan Ireland and Laura Piscitelli. 1999. “The Impact of Exchange Rate Variability on Investment”. *Economic Journal* 109: 55-67.

C: EMPIRICAL ANALYSIS AND ECONOMETRICS

106. What are the main difficulties in estimating demand functions for consumer durable goods? Estimate a demand equation for a component of expenditure on durable goods using UK data. ★★★

Chow, G. (1983) *Econometrics*, London: McGraw-Hill, pp. 47-58 and 64-69.

Houthakker, H. and L. Taylor (1970), *Consumer Demand in the U.S.: Analyses and Projections*, 2nd edition, Harvard University Press.

Stone, R., and D. Rowe (1960) 'The durability of consumers durable goods', *Econometrica*, vol. 28, no. 2, Apr. 1960, pp. 407-416.

Mankiw, N.G. (1982), "Hall 's consumption hypothesis and durable goods", *Journal of Monetary Economics*, vol. 10, no. 3, pp. 417-426.

107. How do households adjust their transport behaviour to changes in gasoline prices? ★★★

Hughes, Jonathan E., Knittel, Christopher and and Sperling, Daniel (2008): "Evidence of a Shift in the Short-Run Price Elasticity of Gasoline Demand", *Energy Journal*, 29(1), January 2008. See also NBER WP12530.

Bento, Antonio, Lawrence Goulder, Mark Jacobsen, and Roger von Haefen (2009), "Distributional and Efficiency Impacts of Increased U.S. Gasoline Taxes," *American Economic Review*, 99(3).

Fred Mannering and Clifford Winston (1985): A Dynamic Empirical Analysis of Household Vehicle Ownership and Utilization. *The RAND Journal of Economics*. Vol. 16, No. 2 (Summer, 1985), pp. 215-236.

108. Test the hypothesis that the long run marginal propensity to consumer out of income is equal to one using data for a country of your choice. [*State the country of your choice.*] ★★★

Deaton, A., and J. Muellbauer (1980) *Economics and Consumer Behaviour*, Cambridge University Press.

Hall, R. (1978) 'Stochastic implications of the life-cycle permanent income hypothesis: theory and evidence', *Journal of Political Economy*, vol. 86, no.6, Dec. 1978, pp. 971-987.

Davidson, J. D. Hendry, F. Srba, and S. Yeo(1978), 'Econometric modelling of the aggregate time series relationship between consumers expenditure and income in the United Kingdom', *Economic Journal***,** vol. 88, no. 352, Dec. 1987, pp. 661-692.

109. Do interest rates have an important influence on consumers' expenditure? Construct a model of consumers' behaviour and use it to test the relationship between interest rates and consumers' expenditure for a country of your choice. [*State the country of your choice.*] ★★★

Deaton, A., and J. Muellbauer (1980) *Economics and Consumer Behaviou***r** Cambridge University Press.

Muellbauer, J. (1983) 'Surprises in the consumption function', *Economic Journal* (Supplement), vol. 93, pp. 34-64.

110. Do interest rates have an important negative influence on investment expenditures? Construct a model to predict investment and use it to test the relationship between interest rates and aggregate investment expenditure for a country of your choice. [*State the country of your choice.*] ★★★

Wallis, K. (1979) *Topics in Applied Econometrics*, 2nd Edition, Basil Blackwell.

Jorgenson, D. (1971) 'Econometric studies of investment behaviour: a survey', *Journal of Economic Literature*, vol. 9, pp. 1111-1147.

111. It has been suggested that the revival of house-building was a leading factor in the British economic recovery of the 1930s and that this was a direct consequence of the cheap money policy pursued by the governments of the time. Devise and test a model of investment in housing to examine this claim. ★★★

Alford, B. W. E. (1972), *Depression and Recovery? British Economic Growth 1918-1939*, London: MacMillan.

Worswick, G.D.N.(1984), "The sources of recovery in the UK in the 1930s", *National Institute Economic Review*, no 110, pp. 85 - 93.

Broadberry, S.N.(1987), "Cheap money and the housing boom in interwar Britain: An econometric appraisal", *Manchester School*, vol. 87, pp. 378 - 391.

Bowden, S.M.(1988), "The consumer durables revolution in England 1932 - 1938: a regional analysis", *Explorations in Economic History*, vol. 25, pp.42 - 59.

112. Illustrate using real data series the phenomenon of spurious regression. How should we recognize it? How should we cure it? ★★★

Hendry, D. F. (1980), Econometrics-alchemy or science? *Economica*, vol.47, pp. 387-406.

Granger, C. W. J. and P. Newbold (1974), Spurious regressions in econometrics, *Journal of Econometrics*, vol. 2, pp. 111-120.

Phillips, P. C. B. (1986), Understanding spurious regressions in econometrics. *Journal of Econometrics*, vol. 33, pp. 311-340.

113. Explore empirically the role of speculation in the house market. ★★★

Shiller, R. J. *Irrational Exuberance*, second edition, chapter 2

Himmelberg, C.; Mayer, C.; Sinai, T. (2005) "Assessing High House Prices: Bubbles, Fundamentals and Misperceptions", *Journal of Economic Perspectives*, Volume 19, Number 4, Fall 2005, pp. 67-92

Allen, F. and Gale, D. (2000), "Bubbles and Crises", *Economic Journal*, Volume 110, Number 460

Leamer, E. (2002) "Bubble Trouble? Your Home Has a P/E Ratio Too" *UCLA report*, available online at http://www.anderson.ucla.edu/documents/areas/ctr/forecast/Bubble.pdf

114. For a country of your choice, examine the evidence that the housing market experienced an asset price bubble during the early 2000s. [*State the country of your choice.*] ★★

Himmelberg Charles, Christopher Mayer and Todd Sinai (2005)," Assessing High House Prices: Bubbles, Fundamentals and Misperceptions", *Journal of Economic Perspectives*, Vol. 19, No. 4, pp. 67–92.

Case K arle and Robert J . Shiller (2003), "Is There a Bubble in the Housing Market? " *Brookings Papers on Economic Activity*, vol. 2, pp. 299-362

Piazzesi Monika, Martin Schneider, Selale Tuzel (2007)," Housing, consumption and asset pricing", *Journal of Financial Economics* 83, pp. 531–569

115. Estimate and evaluate a model explaining the price of UK housing. ★★★

Meen, G. P. (1990), The removal of mortgage market constraints and the implications for the econometric modelling of UK house prices. *Oxford Bulletin of Economics and Statistics*, vol.52, pp.1-23.

Hendry, D. F. (1984), Econometric modelling of house prices in the United Kingdom. In Hendry, D. F. and K. F. Wallis (eds.) *Econometrics and Quantitative Economics*, pp. 211-252. Oxford: Basil Blackwell.

D: LABOUR ECONOMICS AND INCOME DISTRIBUTION

116. How are inequality and growth related? Is there any evidence to support any of the hypothesized relationships? Discuss and critique the research done by others while also using your own data to discuss the relationship. ★★

Kuznets, S. (1955) "Economic Growth and Income Inequality," *American Economic Review* 45, 1-28.

Galor, O. and J. Zeira (1993) "Income Distribution and Macroeconomics," *Review of Economic Studies* 60, 35-52.

117. What is the effect of maternal employment during the early years of a child's life on child outcomes? ★★

Bernal, Raquel and Keane, Michael (2011): "Child Care Choices and Children's Cognitive Achievement: The Case of Single Mothers", Forthcoming, *Journal of Labor Economics*, 2011.

Dustmann, Christian and Schoenberg, Uta (2008): "The Effect of Expansions in Maternity Leave Coverage on Children's Long-Term Outcomes", IZA Discussion Paper No. 3605.

Anderson, Patricia M., Butcher, Kristin F., Levine, Phillip B. (2003): "Maternal employment and overweight children", *Journal of Health Economics*, Volume 22, Issue 3, May 2003, Pages 477-504.

118. "The characteristics of the unemployment benefit system significantly affect labour market performance." Discuss. ★

Fredriksson, P. en B. Holmlund (2003), "Improving incentives in unemployment insurance: A review of recent research", *IFAU Working Paper* 2003:5.

Van den Berg, G., B. van der Klaauw and J.C. van Ours (2004), "Punitive Sanctions and the Transition Rate from Welfare to Work", *Journal of Labor Economics*, University of Chicago Press, vol. 22(1), pages 211-210

119. How would you account for inequalities in labour productivity and changes in income inequality since 1980 for a country of your choice? [*State the country of your choice.*] ★★

Hall, R. E. and Jones, C. I. (1999) "Why do some countries produce so much more output per worker than others?" *Quarterly Journal of Economics*, vol. 114, pp. 83–116.

Becker, G. S., Philipson, T. J. and Soares, R. R. (2003) “The Quantity and Quality of Life and the Evolution of World Inequality”, *NBER working paper* 9755.

120. What are the benefits and costs of worker training, and who should pay for training? ★

Acemoglu, D. and J.-S. Pischke (1999), “Beyond Becker: Training in Imperfect Labour Markets”, *Economic Journal*, 109 (February), F112-F142.

Blundell, R., L. Dearden, C. Meghir and B. Sianesi (1999), “Human Capital Investment: The Returns from Education and Training to the Individual, the Firm and the Economy”, *Fiscal Studies*, 20(1), 1-23.

Booth, A.L. and M.L. Bryan (2005), “Testing Some Predictions of Human Capital Theory: New Training Evidence from Britain”, *Review of Economics and Statistics*, 87(2), 391-394

121. Explore the relationship between employment protection, labour market dynamics and growth by comparing different sectors of the economy. ★

Gómez-Salvador, R., J. Messina en G. Vallanti (2004), “Gross Job Flows and Institutions in Europe”, *Labour Economics* 11, 469-85.

Scarpetta, S., P. Hemmings, T. Tressel & J. Woo (2002), “The role of policy and institutions for productivity and firm dynamics: Evidence from micro and industry data”, *OECD Economics Department Working Paper* No 329.

122. Does the apple fall far from the tree? Examine intergenerational income mobility in a country of your choice. ★

Becker, G.S. and N. Tomes (1986), “Human Capital and the Rise and Fall of Families”, *Journal of Labor Economics*, 4(3), S1-S39.

Solon, G. (1992), “Intergenerational Income Mobility in the United States”, *American Economic Review*, 82(3), 393-408.

Bowles, S., H. Gintis and M. Osborne Groves, eds. (2005), *Unequal Chances: Family Background and Economic Success*, Princeton University Press.

123. What are the main determinants of labour mobility within European countries? ★★

Bentivogli, C. and Pagano, P., 1999, “Regional disparities and labor mobility: The Euro-11 versus the USA”, *Labor* 13 (3), 737-76

Decressin, J. and Fatas, A., 1995, “Regional labor market dynamics in Europe”, *European Economic Review* 39, 1627-1655.

Puhani, P.A., 2001, “Labor mobility: an adjustment mechanism in Euroland? Empirical evidence for Western Germany, France, and Italy”, *German Economic Review* 2, 127-140

124. What explains the increase in out-of-wedlock births per woman between the 1950's and 1980's? [*State your choice of country*] ★

Hotz, Klerman, and Wills (1997). Ch. 7: "The Economics of Fertility in Developed Countries: A Survey", *Handbook of Population and Family Economics*. Rosenzweig, MR & O Stark (eds).

Becker, Gary S (1981). *A Treatise on the Family*, Chapter 10: "Imperfect Information, Marriage, and Divorce." Harvard University Press.

Akerlof, George A.; Yellen, Janet L.; and Katz, Michael L (1996). "An Analysis of Out-of-Wedlock Childbearing in the United States" *Quarterly Journal of Economics* .

Willis, RJ (1999). "A Theory of Out-of-Wedlock Childbearing" *Journal of Political Economy*, vol 107, No 6 (December), pp. S33-S64

125. To what extent can economic forces explain falling fertility in Europe since the 1980s? Discuss the implications of the fall for economic policy. ★★

Kohler, H-P., F. C. Billari, and J. A. Ortega (2002) "The Emergence of Lowest-Low Fertility in Europe During the 1990s", *Population and Development Review*, vol 28(4)

Ahn, N. and P. Mira (2001) "Job bust, baby bust: Evidence from Spanish data" *Journal of Population Economics*, vol 14(3).

Coleman, David (ed) (1996) *Europe's Population in the 1990s*, Oxford University Press

126. Why is long term unemployment so high in Europe compared to the US? What are the policy implications? ★★

S. Nickell, "Unemployment and Labour Market Rigidities: Europe versus North America", *Journal of Economic Perspectives*, Summer 1997, pp. 55-74.

Adnett, N. (1996), *European Labour Markets: analysis and policy*. London: Longman.

127. Evaluate the relationship collective bargaining institutions and the level of unemployment in OECD countries. ★★

Calmfors, L. and J. Driffill (1988), "Bargaining structure, corporatism and economic peformance." *Economic Policy*, vol. 6, pp 14-61.

Layard, R., S Nickell and R. Jackman (2005). *Unemployment: macroeconomic performance and the labour market.* Oxford: Oxford University Press. Second Edition.

128. Evaluate the relationship between labour market institutions and the level of unemployment in European Union countries. ★★

Blanchard, O. (2006) "European Unemployment", *Economic* Policy, January.

Layard, R., S Nickell and R. Jackman (2005). *Unemployment: macroeconomic performance and the labour market.* Oxford: Oxford University Press. Second Edition.

129. Investigate the evidence that the employment of younger workers (who have recently joined the labour force) and older workers (nearing retirement) are more vulnerable to adverse macroeconomic shocks than workers in the middle years of their participation in the labour force. ★★

Jimeno, J.F. and Rodriguez-Palenzuela, D. (2002). "Youth unemployment in the OECD: Demographic shifts, labour market institutions, and macroeconomic shocks", Working Paper No. 155, *European Central Bank*.

Nickell, S.J., Nuniziata, L. and Ochel, W. (2002). "Unemployment in OECD since the 1960s: What do we know?", *Bank of England*.

130. What are the effects of minimum wage policies in Europe? ★★

Layard, R., S Nickell and R. Jackman (2005). *Unemployment: macroeconomic performance and the labour market.* Oxford: Oxford University Press, 2nd Edition.

Adnett, N. (1996). *European Labour Markets: analysis and policy.* London: Longman.

131. Estimate the effect of an extra year of schooling on individual wages and/or productivities. ★★★

Willis, R. J. (1986) "Wage determinants: A Survey and Reinterpretation of Human Capital" in *The Handbook of Labour Economics*, O. Ashenfleter and R. Layard (eds.), Amsterdam: North Holland-Elsevier Science Publishers, vol. 1, pp. 525-602.

Freeman, R.B. (1986) "Demand for Education" in *The Handbook of Labour Economics*, O. Ashenfleter and R. Layard (eds.), Amsterdam: North Holland-Elsvier Science Publishers, vol. 1, pp. 357-386.

132. Investigate the impact of the package of reforms to student finance passed by the UK parliament in February 2004 on patterns of participation in higher education.

Barnes John and Nicholas Barr (1988) "Strategies for higher education : the alternative white paper" Aberdeen : Aberdeen University Press, 1988.

Dearden Lorraine, Emla Fitzsimons and Alissa Goodman (2004) "An analysis of the higher education reforms" IFS Briefing Note #45.
Available at: http://www.ifs.org.uk/education/bn45.pdf

Her Majesty's Government; Department for Education and Skills. "The future of higher education" Command Paper CM 5735, Jan 2003

House of Commons; Education and Employment Committee. “The Dearing Report: Some Funding Issues. Volume I. (Third Report [of the Education and Employment Committee] together with the Proceedings of the Committee)”. House of Commons Papers 1997–98, 241-I January 1998.

133. Investigate the probable impact of the package of reforms to student finance passed by the UK parliament in 2011 on patterns of participation in higher education in England. ★

Barnes John and Nicholas Barr (1988) "Strategies for higher education : the alternative white paper" Aberdeen : Aberdeen University Press, 1988.

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134. For a country of your choice, examine the impact of trade unionisation on aggregate unemployment and its distribution across industries. [*State the country of your choice.*] ★★

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135. Examine the impact of trade unionisation on aggregate employment and its distribution across industries. [*State the country of your choice.*] ★★

Ulph A. and D. Ulph `Union Bargaining: a Survey of Recent Work in Sapsford and Tzannatos (eds.) *Current Issues in Labour Economics*, Basingstoke: McMillan, 1990.

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145. Examine the hypothesis that trade unions are myopic in the sense that their objectives focus on short-term wage increases at the expense of employment in the longer term. ★★

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E: ECONOMIC HISTORY

E: ECONOMIC HISTORY

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F: INTERNATIONAL ECONOMICS, ECONOMIC DEVELOPMENT, ECONOMICS OF TRANSITION AND REGIONAL STUDIES

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154. Is openness to international trade good for economic growth?

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Aslund, A. Boone, P. and Johnson, S. (1996) "How to Stabilise: Lessons from Post-Communist Countries", *Brookings Papers on Economic Activities*, vol. 1, pp. 217-314.

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159. Has the level of household welfare decreased during the transition period in former Soviet republics and Eastern Europe? ★

Milanovic, Branko (1998), *Income, Inequality, and Poverty during the Transition from Planned to Market Economy*, World Bank.

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160. 'Tight monetary policy has destroyed the potential of industrial growth of Russian industry'. Tight monetary policy was essential for stabilising the Russian economy'. Evaluate.

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Grossman, G. (1977) "The 'Second Economy' of the USSR", *Problems of Communism*, March-April, pp. 18-33

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164. Examine the relationship between aggregate economic growth and the alleviation of poverty for a country of your choice. To what extent is there a trade-off between the distribution of income and aggregate economic growth? [*State the country of your choice.*] ★★

Alhuwadi, M. (1978), "Rural Poverty and Agricultural Performance in India", *Journal of Development Studies*, vol. 14, no. 3, pp. 298-323.

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166. To what extent is it possible to predict the destination countries of migrants (asylum-seekers) on the basis of the welfare-benefits to which such migrants would be entitled on arrival? ★

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Christian Dustmann "Why Go Back: return motives of migrant workers" Chapter 11 in S Djajic *International Migration:, trends, policy and economic impacts* Routledge, London, 2001

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168. In what ways and to what extent could debt relief affect the flow of capital between poor and rich countries?

Lucas, R. (1988) "On the Mechanics of Economic Development", *Journal of Monetary Economics*, vol. 22, no.1, pp. 3-42.

Lucas, R. (1990) Why doesn't capital flow from rich to poor countries?, *American Economic Review*, Papers and Proceedings, vol. 80, no. 2, pp. 92-96.

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McDonald, F. and S. Dearden (1994). *European Economic Integration*. London: Longman.

Rosati, D. (1992). "The CMEA demise, trade restructuring and trade destruction in Central and Eastern Europe." *Oxford Review of Economic Policy*, vol.8, no.1, pp 58-81.

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Badinger, Harald (2005), "Growth Effects of Economic Integration: Evidence from the EU Member States" , *Review of World Economics*, Vol. 141 (1) . pp. 50-78

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171. Investigate the extent to which differences in factor endowments provide an adequate explanation of the pattern of trade between the UK and the rest of the EU. ★

Deardorff, A. V. (1984). Testing trade theories and predicting trade flows. In R. W. Jones and P. B. Kenen (eds.) *Handbook of International Economics* Vol. 1 Amsterdam: North Holland.

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Greenaway, D. (1990). *International Trade Policy* (esp. Part II). London: Macmillan.

Helpman, E., and P. R. Krugman (1989). *Trade Policy and Market Structure* (esp. Ch. 8). Cambridge MA: MIT Press.

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Krueger, A. O. (1990) *Perspectives of Trade and Development*, Harvester Wheatsheaf.

Milner, C. (ed.) (1990) *Export Promotion Strategies: Theory and Evidence from Developing Countries*, Harvester-Wheatsheaf.

175. Analyse the socio-economic determinants of fertility in one Less Developed Country of your choice. [*State the country of your choice.*] ★★

“Chinese Economic Reforms and Fertility Behaviour: A Study of Norm China Village” *China Information 2003*, vol. XVII, no.1, pp. 158-160

McNay, K. et al. (2003), “Why are uneducated women in India using contraception? A Multilevel Analysis”, *Population Studies*, vol. 57, no. 1, pp. 5-20.

176. Analyse the relationship between defence spending and economic growth in Less Developed Countries. ★★

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LaCivita, C. J. and Frederiksen , P. C. (1991). “Defence Spending and Economic Growth: An Alternative Approach to the Causality Issue”, *Journal of Development Economics*, vol. 35, no. 1, pp. 117-126.

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Gyiamah-Brempong, K. (1991). ‘Export Instability and Economic Growth in Sub-Saharan Africa’ *Economic Development and Cultural Change*, vol. 39, no. 4, pp. 815-828

Moran, C. (1983). Export Fluctuations and Economic Growth, *Journal of Development Economics*, vol. 12, no. 1, pp. 195-218

178. Examine the implications of European integration for the world economy.

Greenaway, D. (1991), “Policy Forum: Europe 1992 - Views from the Outside” *Economic Journal*, vol. 101, no. 409, pp. 1535-37.

179. How should the living standards of different countries be compared? Investigate the consequences of different ways of measuring living standards for international comparisons of economic well being. ★

Sen, A. et al. (1987), *The Standard of Living*, (edited by G. Hawthorn), Cambridge: Cambridge University Press.

Kravis, et al. (1978), "Real GDP Per Capita for More than One Hundred Countries" *Economic Journal*, vol. 88, no. 350, pp. 215-242.

180. Investigate the role of fiscal policy in the sustainability of a fixed and exchange rate regime for a country of your choice. [*State the country of your choice.*] ★

De Kock, G. and V. Grilli (1993): Fiscal Policies and the Choice of the Exchange Rate Regime, *The Economic Journal*, vol.103, no. 417, pp. 347-358.

181. Discuss the theoretical and empirical shortcomings of different approaches to estimating the equilibrium real exchange rate in developing countries. ★

Williamson, J. (ed) (1994) "Estimating Equilibrium Exchange Rates", *Institute for International Economics*, Washington D. C

Devarajan, S. J. F. Lewis, and S. Robinson (1993): External Shocks Purchasing Power Parity and the Equilibrium Real Exchange Rate, *The World Bank Economic Review*, Vol. 7.

182. "Parallel imports are good for welfare, not bad for welfare." Assess the implications for welfare of parallel imports.

Rothnie, W., "Parallel Imports and Copyright", available at http://www.comml-iba.org/ak2004/piIBA04.pdf.

Fink, Carsten and K. Maskus, Editors, (2005) "Intellectual Property and Development: Lessons from Recent Economic Research" International Bank for Reconstruction and Development The World Bank: Washington, DC. Especially Section II on Parallel Imports. Available at http://www.worldbank.org/research/IntellProp_temp.pdf

183. Examine the implications of different strategies for protecting the environment in developing countries. Hence evaluate the criteria for determining the most appropriate policies for protecting the environment in these countries.

Eskeland, G. S., and E. Jimenez (1992): Policy Instruments for Pollution Control in LDCs, *The World Bank Research Observer*, Vol. 7.

Maler, K-G. (1997): "Environment, Poverty and Economic Gorwth" in B.Pleskovic and J.E. Stiglitz (eds) *Annual World Bank Conference on Development Economics*, The World Bank.

184. Investigate the implications of different stabilisation policies adopted in developing countries with high inflation. ★

Bruno, M., S. Fischer, N. Liviatan, and E. Helpman (eds) (1991): *Lessons of Economic Stabilisation and its Aftermath*, Cambridge Mass: MIT Press.

Dornbusch, R. (1992) "Lessons from Experiences with High Inflation", *The World Bank Economic Review*, vol. 6, no. 1, pp. 13-32.

185. In what ways and to what extent have market-based debt reduction schemes been successful in resolving the 1982 developing countries debt crisis? ★

Cline, W.R. (1995): *International Debt Reexamined* , Institute for International economics, Washington D.C.

Diwan, I. and K. Kletzer (1992): "Voluntary Choices in Concerted Deals: The Menu Approach to Debt Reduction in Developing Countries", *The World Bank Economic Review*, vol. 6, no. 1, pp. 91-108.

William R Cline, 1995, *International Debt Reexamined*, Institute for International Economics, Washington DC.

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186. Analyse the causes and consequences of the 1980s debt crisis in a severely indebted country of your choice. To what extent has the country solved its debt problem? [*State the country of your choice.*] ★

World Bank (several issues), *World Debt Tables***.** Washington D.C.

Sachs, J. (ed.) (1990): *Developing Country Debt and Economic Performance,* Vol. II and Vol. III, NBER The University of Chicago Press.

187. Investigate the economic effects of foreign aid on the recipient's economic growth. [*State the country (recipient) of your choice.*] ★

Cassen, R. H. & Associates: **Does Aid Work?** New York: Oxford University Press, 1986.

Chenery, H. B. and N. G. Carter (1973), "Foreign assistance and Development Performance" *American Economic Review*, vol. 63, pp. 459–468.

188. Analyse the effect of foreign direct investment on economic growth in a developing country of your choice. [*State the country of your choice.*] ★★

Boresztein, E , J De Gregorio and J. W. Lee (1998) "How does Foreign Direct Investment Affect economic Growth?", *Journal of International Economics*, Vol 45, pp 115-135.

Alfaro, L., Chanda, A., Kalemli-Ozcan, S., Sayek, S. (2004), "FDI and economic growth: the role of local financial markets", *Journal of International Economics* 64, 89-112.

Moran, T., E. Graham and M. Blomstrom, eds. (2005), *Does Foreign Direct Investment Promote Development?* Washington DC: Institute for International Economics.

Possible data sources: UNCTAD Foreign Direct Investment database, World Development Indicator

189. Investigate the effects of stabilisation programmes and structural reforms on economic growth and the distribution of income for a developing country of your choice. [*State the country of your choice.*] ★

Bourguignon, F., J. De Melo and A. Suwa (1991): "Modelling the Effects of Adjustment Programs on Income Distribution", *World Development*, Vol. 19.

Meller, P. (1991): "Adjustment and Social Costs in Chile during the 1980s", *World Development* vol. 19, no. 11, pp. 545-1562.

190. For a country, or geographical region, of your choice, investigate the extent to which microfinance programs have reduced poverty. [*State your choice of country.*] ★

Khandker, S. (2005): "Microfinance and Poverty: Evidence using panel data from Bangladesh", *The World Bank Economic Review*, 19(2), pp. 263-286

McKernan, M. (2002): "The Impact of Micro-Credit Programs on Self-Employment Profits: Do Non-Credit Program Aspects Matter", *The Review of Economics and Statistics*. Vol. 84, No. 1, pp. 93-115

Morduch Jonathan (1999)," The Microfinance Promise**",** *Journal of Economic Literature*, Vol. 37, No. 4, pp. 1569-1614.

Brau James C. and Gary M. Woller (2004), "Microfinance: A Comprehensive Review of the Existing Literature", *Journal of Entrepreneurial Finance and Business Ventures*, Vol. 9, Issue 1, pp. 1-26

Mushtaque R. Chowdhury and P. Mosly (2004)," The social impact of microfinance", *Journal of International Development,* 16, pp.291–300

191. What are the determinants of flows of foreign direct investment (FDI)? ★★

Bloningen, B. (2005), "A Review of the Empirical Literature on FDI Determinants", *Atlantic Economic Journal*, 33, 383-403.

Barba Navaretti, G. and A. Venables (2004), *Multinationals Firms in the World Economy*, Princeton University Press.

Possible data sources: UNCTAD Foreign Direct Investment database, World Development Indicators

192. What is micro-financing and how does it help individuals in developing countries gain access to credit? What are some reasons why people may not have had access to credit before the advent of micro-financing? Use data on the prevalence of micro-financing to explore how the spread of the practice could have had an effect of poverty or inequality. ★

Morduch, J. (1999) "The Microfinance Promise," *Journal of Economic Literature* 37, 1569-1619

Besley T., S. Coate, and G. Loury (1993) "The Economics of Rotating Savings and Credit Associations," *American Economic Review* 83, 792-810

193. Corruption is an endemic in many developing countries. How does corruption affect economic growth and foreign investment? Explore the relationship of corruption and economic growth or investment for developing countries in Latin America, Africa or Asia. [State the region of your choice.] ★★

Bardhan, P. (1997) "Corruption and Development: A Review of Issues," *Journal of Economic Literature* 35, 1320-1346

Mauro, P. (1995) "Corruption and Growth," *The Quarterly Journal of Economics* 110, 681-712

194. It is sometimes argued that poor countries suffer from a 'brain drain' as their most educated citizens emigrate to rich countries. How big is the brain drain and which countries are most affected by it? Using appropriate techniques explain why the brain drain is greater for some countries than others. ★★

M Beine, F. Docquier and H. Rapoport (2003), "Brain Drain and LDCs' Growth: Winners and Losers," *IZA Discussion Paper* 819

F Docquier, O. Lohest and A Marfouk (2005). "Brain Drain in Developing Regions (1990-2000)" *IZA Discussion Paper* 1668

195. For a country, or geographical region, of your choice, investigate the determinants and economic consequences of changes in human mortality since the early 20th century. [*State the country, or region, of your choice.*] ★★

Fogel, R. W. (1994) "Economic Growth, Population Theory, and Physiology: The Bearing of Long-Term Processes on the Making of Economic Policy" *American Economic Review*, vol. 84, pp. 369–395.

Fogel, R. W. (2004) *The Escape From Hunger and Premature Death, 1700–2100*, Cambridge University Press

Cutler, D., A. S. Deaton and A. Lleras-Muney (2006) "The Determinants of Mortality" NBER Working Paper, 11963, available at http://www.nber.org/papers/w11963

Easterlin, R. A. (1999) "How beneficent is the market? A look at the modern history of mortality" European Review of Economic History, vol 3, pp. 257–294

196. What are the problems encountered in trying to define and measure the extent of informal sector activities in developing countries? Illustrate your answer with a country of your choice. [*State the country of your choice.*]

Thomas, J. J. (1992): *Informal Sector Activity*, London: Harvester Wheatsheaf.

Special Issue (1989): *World Development*, Vol. 17.

197. Examine the effects of government spending on economic growth for a Less Developed Country of your choice. [*State the country of your choice.*] ★★

Lindauer, D. L. and A. D. Valenchik (1992), "Government Spending in Developing Countries", *The World Bank Research Observer*, Vol. 7

Fan, S. and N. Rao (2003) "Public Spending in Developing Countries: Trends, Determination and Impact" *International Food Policy Research Institute*, available online at: www.ifpri.org/divs/eptd/dp/papers/eptdp99.pdf

Landau, D. (1986) "Government and Economic Growth in the Less Developed Countries: An Empirical Study for 1960-1980" *Economic Development and Cultural Change*, Vol. 35, No. 1 (Oct., 1986), pp. 35-75

198. Investigate the determinants of gender wage differentials in a Less Developed Country of your choice. [*State the country of your choice.*] ★

Meng, X. (1998): “Gender Occupational Segregation and its Impact on the Gender Wage Differential among Rural-Urban Migrants: A Chinese Case Study”, *Applied Economics*, vol.30, no. 6, pp. 741-752.

Szasz, I (1995): “Women and Migrants: Inequalities in the Labour market of Santiago, Chile”, *CEPAL Review*, vol. 56, pp. 185-196.

199. Examine the consequences of different economic policies designed to combat corruption in Less Developed Countries. Hence evaluate the effectiveness of the options available to the governments of these countries.

Rose-Ackerman, S (1997): “Corruption and Development” in B.Pleskovic and J.E. Stiglitz (eds) *Annual World Bank Conference on Development Economics*, The World Bank, pp. 35-57.

Johnston, M (1997): “What Can Be Done About Entrenched Corruption? in B.Pleskovic and J.E. Stiglitz (eds) *Annual World Bank Conference on Development Economics*, The World Bank, pp. 69-90.

200. Analyse the relationship between foreign aid and military expenditure in developing countries. How important is foreign aid in explaining the different patterns of military expenditure across developing countries? ★

Collier, P. and A Hoeffler (2002), “Military Expenditure: Threats, Aid and Arms Races”, *World Bank Policy Research* Working Paper 2927, World Bank. See http://econ.worldbank.org/resource.php

Murshed, S. M. and S. Sen (1995), Aid Conditionality and Military Expenditure Reduction in Developing Countries: Models of Asymmetric Information, *The Economic Journal*, 105, pp 498-509

201. To what extent should the Kyoto protocol on climate change apply to Less Developed Countries? ★

Copeland, B.R. and S. Taylor (2004), "Trade Growth and the Environment", *Journal of Economic Literature*, XLII, 7-71.

Ederington, J., A. Levinson and J. Minier, (2005), "Footloose and Pollution Free", Review of Economics and Statistics, vol 87(1), pp. 92–99

Stern Review on the Economics of Climate Change available at www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm.

202. Examine the determinants of economic growth in sub-Saharan Africa. Hence discuss why these countries grew more slowly than developing countries elsewhere in the world in the second half of the twentieth century. ★★

Collier, P. and J. Gunnim (1999), "Why has Africa Grown Slowly", *Journal of Economic Perspectives*, Summer, pp. 3 - 22.

Schulz, T.P. (1999) “Health and Schooling Investment in Africa", *Journal of Economic Perspectives*, Summer 1999, pp. 67 – 8

G. THE LOCAL ECONOMY

Students, who are interested in one of the following two titles, should contact Professor Alison Booth before signing up for one of these project titles, in order to ensure that they have the appropriate academic background to accomplish the project successfully .
Data will be provided by the Colchester Borough Council.

203. Investigate, using employee data on transport modes before and after the Coalition budget cuts, the degree to which transport modes have changed over the time period. ★★

S. Raphael and L. Rice, "Car ownership, employment, and earnings", *Journal of Urban Economics* **52** (2002), pp. 109–130.

K. Sasaki, "Income class, modal choice, and urban spatial structure", *Journal of Urban Economics* **27** (1990), pp. 322–343.

Various reports on the budget cuts are available of the Institute for Fiscal Studies website.

204. What impact has late night closing (Wednesday nights) had on the revenues/profits/sales [pick one] of local businesses in the CBD of Colchester? ★★

Steven A. Morrison, Robert J. Newman (1983): "Hours of operation restrictions and competition among retail firms", *Economic Inquiry.* Volume 21, Issue 1, pages 107–114, January 1983.

Skuterud, Mikal. (2005): "The impact of Sunday shopping on employment and hours of work in the retail industry: Evidence from Canada", *European Economic Review*, Volume 49, Issue 8, November 2005, Pages 1953-1978.

Kay et al., 1984 J.A. Kay, C.N. Morris, S.M. Jaffer and S.A. Meadowcroft, "*The Regulation of Retail Trading Hours",* The Institute for Fiscal Studies, London (1984).