

Economics 597.01 Sex, Drugs, and the Underground Economy

Re: **E597 Issues in the Contemporary World New Course Proposal**

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As set forth in the *Guidelines for the GEC Capstone Experiences Component* at:
<http://artsandsciences.osu.edu/currofc/resources/gecguidelines.cfm#9>

I: Overview of the GEC Capstone; Issues in the Contemporary World:

The GEC requires that near the end of their studies, each student will select one course that considers one or more contemporary issues of broad and worldwide significance. This course is meant to provide a capstone to a student's undergraduate studies. Such capstone courses are designed to: 1) promote interaction among students and 2) have a significant writing or research component.

II: Course Overview and Objectives:

The issues this course addresses take place in the underground economy. The course will focus on two informal market sectors, namely the black markets for illegal drugs and human trafficking. The objective is to apply economic reasoning to the analysis of the social issues surrounding these markets, drawing from principles of economics, and developing an 'economic way of thinking' used throughout the course.

Students will be responsible for learning key economic principles and are expected to be able to apply them to the underground economy—principles such as bounded rationality, positive versus normative economics, scarcity and trade-offs, utility, demand and supply, price elasticity of demand, consumer choice theory, demerit goods, externalities, labor markets, the goal of the firm, the public sector and public choice.

The course objectives overall are to have students learn, understand and demonstrate knowledge of these economic principles. These objectives are accomplished by having students satisfy assignments as set forth in the course syllabi (including group presentations, researching and writing essays, turning in homework assignments and the successful completion of the midterm and final exams).

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III: FAQ

- *What contemporary issue(s) will the course address?*
- *Does the issue have worldwide significance...?*

The issues this course addresses take place in the underground economy. The course will focus on two informal market sectors, namely the black markets for illegal drugs and human trafficking. These two sectors have worldwide significance.

The total shadow economies (as a percent of GDP) in an IMF paper showed that developing economies have a percentage of 35-44, transition countries 21-30 and OECD from 14-16. The underground economy is vast, and growing (it is perhaps 10 percent of the U.S. economy).

Up to \$400 billion was spent on illicit drugs in 2000. Total global drug expenditures (licit and illicit) rival that of food. Marijuana alone is often ranked at or near the top in terms of being one of the largest 'cash crops.' (Positive and normative analysis of prohibition will be addressed.)

Trafficking in human beings is now the third-largest illegal moneymaking venture in the world, after illegal weapons and drugs. The trafficking of women from Eastern Europe and newly independent states (NIS) is a global phenomenon stretching from Vladivostok to Los Angeles.

- *Is the course based within a single discipline or is it multidisciplinary in design?*

The course is based on the social science of economics and reflects the discipline it represents, yet remains inclusive of other social sciences. Principles of micro and macroeconomics will be utilized to discuss the contemporary issues in the informal market sectors, namely issues surrounding the drug trade and the sex industry.

Economist Steven D. Levitt identified key concepts that recur in economics—positive versus normative analysis, incentives matter, the conventional wisdom is often wrong, and dramatic effects often have distant, even subtle causes—which will underpin these principles, and help students retain and build on them.

The required course text, *Drug War Crimes*, is authored by Jeffrey A. Miron who received a Ph.D. in Economics from M.I.T, is a Research Fellow at the Independent Institute and is a Professor of Economics of Boston University (where he was previously Chairperson). He has also been the Associate Editor of, *Journal of Money, Credit and Banking*.

- *What features of the course will promote the interaction among students from different academic backgrounds?*

As set forth in the GEC guidelines, the overall goal is to “bring together students from diverse majors, thereby creating an integrative learning environment in which, through interaction, the students themselves demonstrate the relationships or connections between information derived from different departments. The approach is to permit students to appreciate the application of knowledge from diverse disciplines to contemporary issues.”

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The features of the course are designed to promote interaction among students from different academic backgrounds in a variety of ways. For example, students will be assigned small groups composed of students with different academic backgrounds based on majors listed in the roster. Students will have the opportunity to interact with their group and participate in group and class discussion during each class. The instructor has taught Economics 367.02 where this has been done successfully and has enriched the student learning experience. Students will also have the opportunity to do a group presentation and will be able to synthesize what they are learning.

- What prerequisites will be specified for this course?

There are no prerequisites, although it is recommended that a student take either Economics 200 or Economics 201, and that a student be of junior or senior status.

- What writing or research component will be required as part of the course?

As set forth by the Arts and Sciences Curriculum Committee, “capstone courses should have a writing or research component.” And, “the panel believes that this component must be at least twenty-five percent of the course grade and noted on the syllabus.”

There is a specific writing and research component embedded in the curriculum. The first homework assignment is based on research the second is based on writing. Students will also have an individual essay to write and a midterm exam that is essay based. (These assignments are worth more than twenty-five percent as noted on the syllabus.)

- Will class size be limited to a maximum of 40 students?

Yes. It is recommended that the class be capped at forty students as a goodly amount of a students' grade is based on class participation and group interaction which would be somewhat inhibited by a larger class size.

IV: Assessment Plan

The learning objectives will be achieved with the use of reading assignments, writing assignments, exams and group presentations. The syllabus readings draw from various sources, including an economics text, websites, scholarly writings and contemporary authors on the course subjects. Ongoing assignments will afford students the opportunity to synthesize material being covered and build on it. Essays and exams will require students to consider issues of the underground economy from an economic perspective and show they are able to present their knowledge in a cogent fashion by providing in-depth analysis.

Students will be asked to review literature and find information from scholarly journals and other sources from data bases such as *Factiva*, *Lexis/ Nexus Academic* and the *Econlit* database. Students will also have a draft of their essays critiqued and feedback given them. Individual writing assignments will further assess the student's ability to think critically and reflectively and to synthesize economic issues, as will the exams, while group presentations will promote interaction among the students, and their learning from each other. Students will be assessed based on these assignments as well as their in-class participation. Their output will be evaluated with the spirit of the GEC and course goals and objectives in mind. Adjustments will be made in the course by the instructor where appropriate.

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V. Course Survey

This survey is intended to provide feedback to your instructor about the extent to which this course achieves the goals of its GEC category. Please fill out this short survey and return it. Thank you!

Legend:

Strongly Disagree	1
Somewhat Disagree	2
Neutral—Neither Agree nor Disagree	3
Somewhat Agree	4
Strongly Agree	5

This course gave me a deeper appreciation of how to apply economic reasoning to the issues of the underground economy.

1 2 3 4 5

This course helped me to understand the role the drug trade and sex industry plays in the underground economy.

1 2 3 4 5

This course caused me reconsider my opinions about the contemporary world issues I have studied.

1 2 3 4 5

Has this course changed the way you look at the issues facing today's world? How?

What have you learned that will be helpful to you personally?

Do you have any other comments about this course?