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03. Economics

University of Central Oklahoma

Abstracts from the 2013 Oklahoma Research Day

Held at the University of Central Oklahoma

01. Business Administration

03. Economics

01.03.01 The Market Powers of Blue Cross Blue Shield

Cody Woods,

University of Central Oklahoma

The research presented here focuses on Blue Cross Blue Shield containing market power in the health insurance industry. Blue Cross Blue Shield is a major non-profit monopoly and monopsony of health insurance across the United States. The research will show how granting non-profit status in a for profit industry will destroy the basis of competition in the health care market. Due to the federal government and supreme court granting the non-profit status and expecting a non-profit to act in a responsible way they have given rise to one of the largest non-profit insurers. By focusing on variables that may affect market share we should see that granting market power to a non-profit firm will increase their market share and destroy competition in all states.

01.03.02 An Economic Analysis of Wind Capacity

Cody Woods, Zhen Zhu,

University of Central Oklahoma

Wind generation capacity in the U.S. has increased rapidly in more recent years. In our study, we provide an overview of the trend in wind generation capacity and the relevant discussions concerning the micro-level determination of the capacity. In addition, we provide empirical evidence at the more macro-level in order to provide a better understanding of the determinants of wind capacity. Other variables chosen in addition to the production tax credit include GDP and oil prices as GDP provides an ultimate need to power and higher oil prices motivate energy users to seek alternative energy. Our evidence strongly supports the notion that the production tax credit increased wind capacity while GDP and oil prices are the internal drive for wind energy.

01.03.03 Why not moving up while moving out?

Kuang-Chung Hsu,

University of Central Oklahoma

This paper empirically assesses the relationship between international investment and R&D activities. Although this subject has been much debated theoretically, there is little empirical research on this issue. It calls for a paper to fill this gap in the literature. This project will employ U.S. manufacturing data to investigate whether international direct investment and innovation are substitutes or complements. This study also discussed the effects of international direct investment on the workers who conduct R&D.

01.03.04 An Assessment of Teaching Economics with The Simpsons

Shiouyen Chu, Christopher Shane,

Southwestern Oklahoma State University

Innovative pedagogies, such as classroom experiments and technology supplements have been developed and employed in teaching Economics. Especially in a general education classroom, students come from a variety of disciplines and lack sufficient background knowledge of economics. Alternate teaching methods other than traditional chalk-and-talk help increase students' attention and engage them with the lecture material. This paper aims to quantify the effectiveness of teaching Economics with the American TV show The Simpsons. We evaluate students' understanding of economic concepts by comparing their performance in answering Simpsons-related questions on pop quizzes and exams. Our results indicate that showing The Simpsons helps students who earned a grade below C gain an advantage in answering Simpsons-related questions on the exam, especially for definition-based Macroeconomics questions.

01.03.05 Preference Reversal Phenomenon

Hung-Ju Chien,

Oklahoma State University

One of the more disconcerting violations of the rational choice theory is the preference reversal (PR) phenomenon. The PR phenomenon occurs when an individual chooses lottery A over lottery B in a choice task but then subsequently says they are willing to pay more for lottery B than they are for lottery A in a pricing task. Changing the framing of the decision from a choice task to a pricing task causes people to reverse their preferences. PRs violate the assumption of preference completeness and stability, and are thus seen as a behavioral anomaly relative to the rational choice paradigm. If changing the way people's preferences are elicited can eliminate PRs and thus the practice rational cost-benefit analysis can be resumed. This study aims to test the robustness of the PR phenomenon and to determine the extent to which the anomaly might be resolved through changes in the way in consumer preferences are elicited in different treatments of an economic experiment.