

Examples of Creating and Using Cases

There are many sources for ready-made cases, including those listed in the appendix, and you will be well-served to investigate their offerings. Not all of these have the content appropriate to economic analysis, and the quality of writing can range from adequate to excellent. Further, many are written for graduate students in public policy or business. Although these sources are quite useful, I'd advise caution in picking materials for use in your own class. Be sure that the cases deliver the material you need to achieve your goals. Be prepared, as well, to pay a per-copy fee for use of these cases.

I use these sources, but more often will construct a case from more widely available information. The following three examples illustrate this construction.

- A. Alexander Hamilton vs. Ken Griffey Jr.
- B. Charlie Rose and the Peanut Subsidy
- C. Recycling is Garbage

Included in this guide are my notes for converting each of these to a case for classroom use. The document itself in B, C and D will be distributed separately.

A. Alexander Hamilton vs. Ken Griffey Jr.

Background materials: baseball card, quotation from Florence's Guide, introductory text.

Introductory Text: Johnny Miller is in a quandary, although that isn't the term he would use. He is eight years old, and has gotten the gift of his dreams for Christmas. His PlayStation is state of the art, and he has the Tomb Raider game written especially for that machine. His wonderful grandparents thought of everything -- except the adapter that his TV requires to play the game.

Toys R Us has just opened on 26 December, and the salesperson tells Johnny that the adapter will cost him \$10 (tax included). He unfortunately has zero cash at present, after his pre-Christmas splurge on comic books and a few presents.

What to do? Johnny is sure that grandparents will pay for the adapter, but mailing it here will take a week. What about his Ken Griffey Jr. baseball card? Florence's Standard Baseball Card Price Guide says that it is worth \$10. Can he use that?

Structure of class session:

Goal - understanding of the characteristics of money

Reverse engineering of discussion. Attaining goals will require:

- setting up an alternative to money (here, the baseball card).
- debating the "nearness" of the baseball card to money in transactions.

Entry strategy.

Preparation for students: none necessary.

Entry question: What does Johnny need this morning?

Assisting the flow of discussion: questions and small group activities.

- Will Toys R Us accept the baseball card in exchange for the adapter?
- Is the baseball card really worth \$10 to Johnny? Under what conditions?
- What does "legal tender" mean? Is the baseball card legal tender?
- Is having the adapter in one week the same as having it today?
- Small-group work: devise a strategy for Johnny to get his adapter. Does it involve the baseball card?

Tracing out the reasoning at the end.

B. Charlie Rose and Peanuts

Background materials: NPR transcript, introductory text.

Introductory text:

To: Charlie Rose, US Representative

From: Patrick Conway, Legislative Assistant

Subject: Your position on the USDA peanut pricing system

National Public Radio's "All Things Considered" ran a report yesterday on the present US Department of Agriculture (USDA) peanut pricing program. The theme of budgetary reform is quite popular at present, and you have in fact come out in favor of budget balance. However, the report describes you as blocking efforts to make this program pay for itself.

I see three options to consider in setting your position on this USDA program.

- No change in peanut pricing program. [Your current position]
- Agreement with the compromises proposed by House and Senate Agricultural committees. This will lead to ten percent reduction in the subsidized price of peanuts and a requirement that the program operate at no cost to US taxpayers.
- Abolition of the present program and reliance upon free-market determination of peanut prices.

Which do you favor? Is there another option you prefer?

Once you've set your position, we'll incorporate it in our response to letters; we always get hundreds of letters when you're mentioned in an NPR report.

Structure of class session:

Goal - illustrate the impact of a price floor on the distribution of gains from a commodity market

Reverse engineering of discussion. Attaining goals will require:

- describing equilibrium in the market for peanuts.
- indicating the impact of the price floor on price and quantity
- deriving the implications of this impact for the consumers, producers and government.

Entry strategy.

Preparation for students: read transcript and introductory text before class.

Entry question: What is Charlie Rose's present stance on the peanut subsidy program? Who benefits from this stance?

Assisting the flow of discussion: questions and small group activities.

- Who is harmed by the present subsidy program?
- Suppose that the subsidy program were eliminated. What will be the change in equilibrium price and quantity?
- Who are the winners and losers from this reform?
- If there are winners and losers, can we say that this reform is an improvement over the past system?
- Small-group work: assign groups to play Rep. Lowey, Mitch Head, Tom Early, Mike McCloud, Rep. Rose. Have each come up with a position on the subsidy program, and a proposal for reform (or non-reform). Encourage debate.

Tracing out the reasoning at the end. Use structure of Charlie Rose's staff briefing to do so.

C. Recycling is Garbage

Background materials: NY Times Magazine article, introductory text.

Introductory text:

Ah, summer ... and the beginning of a new fiscal year! New York City was a delight this

morning, with temperatures more befitting New Hampshire in May than the City on July 1. I had high hopes as I sauntered into the Mayor's office today. As a special assistant to the Mayor for Consumer Affairs, I had come to count on many of my constituents leaving town for vacation spots at this time of year and leaving me in relative peace.

The peace never arrived -- instead, when I reached my office I found an article from the New York Times magazine on my desk. Stapled to the article was a note in characteristic capital letters:

THIS GUY IS TRASHING OUR RECYCLING PROGRAM. ARE HIS CLAIMS ABOUT ITS UNPROFITABILITY CORRECT? LET'S MEET AT NOON! BRING THE HEADS OF CONCERNED DEPARTMENTS. KEEP THE PRESS AWAY UNTIL AFTER THIS MEETING. RG

That floating feeling has vanished, replaced by an Alka-Seltzer headache. What is there to do before noon?

- (1) Read the article.
- (2) Identify and alert heads of concerned departments.
- (3) Does the article provide a complete accounting of costs and benefits of the municipal recycling program? If not, what is omitted?
- (4) Does the author account for non-revenue benefits to the city from the recycling program? If not, what are they?
- (5) Does the author consider benefits and costs to individual citizens in the recycling program?
- (6) What should the mayor's public response be to this article?

New Hampshire's looking better all the time....

Structure of class session:

Goals of case discussion:

- to provide a cost-benefit analysis of a market with a potential externality.
- to examine various policy responses to this externality, and to force a decision on the most appropriate response.

Reverse engineering of discussion. Successful completion of goals will require:

- agreement on the costs and benefits, both pecuniary and non-pecuniary, of garbage disposal and recycling.
- debate over the possible policy responses, with the costs and benefits of these laid out in systematic fashion.

Entry strategy.

Preparation: read ahead of time, and provide questions to guide analysis of details.

Entry question: What is the gist of Tierney's position? What is the implication for our city's recycling (and garbage disposal) strategy?

Assisting the flow of discussion: questions and small-group work.

Small-group work -- various departments and commissions. (Enumeration of costs and benefits)

- Budget Department
- Sanitation Department
- Consumers Advocating Recycling's End
- Environmental Action Coalition
- Mayor's office

Who bears the cost of garbage disposal? Who receives the benefits? (Is there an externality?)

Who owns garbage? Does ownership matter here? (Role of property rights)

Back to small groups for possible solutions.

Tracing out the reasoning at the end: use structure of Mayor's debriefing.