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Introduction

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Introduction

Welcome to volume seven of *Major Themes in Economics*. All papers in *Major Themes* are written by senior economics majors at the University of Northern Iowa.

One of the objectives of the economics department is to teach students to think for themselves. It is a pleasure to present the papers in this volume because all of the authors show that they have learned their lessons well.

Jed Ellerbroek challenges one of the sacred cows of economics and finance. He examines three forms of the Efficient Market Hypothesis and examines the underlying assumptions. Mr. Ellerbroek concludes that the Hypothesis does not apply to U.S. stock markets.

An explosion of lawsuits and threats of lawsuits burden the U.S. economy. **Jaime Loos** looks at the way legal costs are allocated in tort cases in the U.S. She considers an alternative method, called the “loser-pays rule,” that is used in most of the rest of the world. Ms. Loos concludes that the loser-pays rule would improve the U.S. tort system.

Most Americans unknowingly routinely eat food made from genetically modified organisms. **William Gongol** weighs the costs and benefits of mandating labels for genetically modified food. Mr. Gongol concludes that the case for mandatory labels is not convincing.

Most people are aware of the obvious costs of the war on terrorism. **John Mazarella** reminds us of the less obvious costs. Mr. Mazarella examines the costs to businesses as they try to protect their people, property and supply chains from terrorists.

Wage inequality in the U.S. has increased over the past two decades. **Jana Kerkvliet** looks at the causes of the rising inequality. She rejects the skill-biased technological change hypothesis that some economists cite. Ms. Kerkvliet argues that increasing globalization is a better explanation for the growing gap in wages.

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