Senior Capstone Project  
“The Resiliency of Colorado’s Local Economies”

Economics *can* be useful. Yet in the crunch to understand t-statistics, elasticities, and exchange rates, this fact can often get lost. The final course in the economics program is therefore designed to give you the opportunity to apply your economics toolbox to key topics on Colorado regions. Team research projects will be the focus of the semester, which will produce both a final paper and PowerPoint presentation discussing the research. The general goal is to have you learn first-hand of the real-world use of economics by actively becoming a part of an ongoing applied research effort by the state demographer’s office. In that sense, the course combines both learning for you and service to the state. Such service-learning experiences can be unusually beneficial for both sides. Effectively, you are about to become a set of economic consultant teams for the state.

Using the background that you have accumulated over your years as economics majors, along with specific guidance over the course of the term, each group will analyze the important foundations of economic base and local socio-economic assets of a regional economy. Like macroeconomics, which studies national economies, studying a regional economy opens a broad set of possible analyses drawing on macro, micro, and the range of other subfields you have studied. In that spirit, we will start with the most micro level of analyses on individual firms and connect these building blocks to a macro-level analysis of the implications of an economy’s key foundations. Choosing an area of this state seems fitting, given the land-grant status of Colorado State University and the fact that most students come from Colorado. In that sense, finishing your economics degree with an in-depth economic understanding of a portion of this state will hopefully provide a compelling capstone experience. Part of the project will involve your making direct contact with and helping to inform local and state decisionmakers. By the end of the semester, you may well become one of the foremost experts on your region’s economy.

Groups will be formed during the first meeting of the class, each focusing on a single economically-challenged Colorado county for analysis. There will be three parts to every research project, all of which will require background research to better understand the county economy and thus the data emanating from it. Both the background you develop and the data that you receive should each help clarify the other. More than perhaps any other class you’ve taken over your years here, you will get as much out of this class as you put into it, and perhaps considerably more.
Economics Capstone Seminar  
Fall 2018 Research Project

1) **Foundation: Economic Base Analysis and Socio-Economic Assets (3-4 weeks)**

As you approach any research project, you should have a framework in mind for considering the countless potential types of data and questions that arise in your work, helping to structure your research triage, thinking, and eventual analysis. This invaluable structuring is the reason we use *economic models*, such as base analysis.

Direct base (or “export”) industries are those that sell to customers outside the region, thus generating inflows of export income for the area, creating the *drivers* of the local economy. These drivers reflect the export advantages that the county has developed through time. Therefore, to begin the project, you will consider the state demographer’s estimate of the driver jobs in each sector. The Base Analysis data in your Data folder provides the breakdown of export driver and local jobs, which are themselves derived from the county’s Jobs by Industry. The confidential county Firm Lists also available in your Data folder will help tie those broad sectors and industries to examples of individual firms. Your task in this first section is to **understand** the county’s economy through the export role of basic sectors, using comparison counties to assess driver job distribution and the local spending multiplier, and identify which sectors are driving the economy.

Once you have anchored your understanding of the local economy with base analysis, you can broaden your perspective through data on local socio-economic assets, such as workforce characteristics, demographic detail through the Census, as well as the local population’s age profile now and in the future. Consider these assets as a way of thinking about your county’s broader economic personality, evolving from current specializations. Comparative advantage is another economic model that, alongside base analysis, helps you to structure your understanding of the local context.

2) **Resiliency: Analyzing Stability and Variation in the Local Economy (4-5 weeks)**

Now that you have anchored your understanding of the regional economy with base analysis and local assets, you will dive into a resiliency analysis for the county economy spanning 2001 through the Great Recession and the ensuing recovery. The key indicators are jobs, proprietors, business establishments, and income over that time span. You will want to begin by setting state and national benchmarks for those indicators, both in terms of a levels index and growth rates. Then you can apply a variety of graphical, numerical, and statistical techniques to tell the story through your data and analyses about your county’s relative resiliency to the economic changes created by the Great Recession of 2007-2009. Your Web Links provide to the most reliable data sources on socio-economic characteristics, but you should extend your research beyond those data to help provide context and understanding for your numerical results.
3) Implications: So What? (2-3 weeks)

Given the data picture you have developed for your county, your final goal will be to use these data and analyses to develop your own Big Picture view of the implications of your analysis of Resiliency on your county’s future economic trajectory. Explain the current and potential future specializations reflected in the base industry analysis, then consider how these specializations may fare in the future given your resiliency analysis. Given this scenario, what do you suggest that local government and business leaders do to help ensure the best economic outcome for the county?

The final research paper will be due on Tuesday October 30th at 12 noon, should have a concise 12-15 pages of double-spaced narrative excluding tables and appendices, and will be graded as a group. Each paper should have a title page, table of contents, executive summary, citations along with list of references, and topic headings to organize the discussion. The sections should not read like they just happened to meet a stapler on the way to submission. The final page should state the ASCSU Honor Pledge, along with the signatures of all authors. The members of the group should then decide which portions of the research each individual will present to the class between November 1st – December 4th. Each group will have 45-60 minutes in which to present their work in PowerPoint-type format; these presentations will be graded by individual presenter. In-class questions, discussion, and peer review will be expected for these presentations. Papers will be returned to each group after their presentations, and teams will in turn submit electronic versions of their final reports and presentations so that they can be shared with the state and communities themselves. Research updates and round-table project discussions will be a regular part of the class. Good luck and have fun!