

# Economics

Website: [economics.sewanee.edu](http://economics.sewanee.edu)

The Economics Department provides instruction for students interested in understanding economic activity: its development and operation, its problems and trends, and its public and private institutions. The program is designed to be broad in nature to meet the needs of students with various career interests.

## Faculty

Professors: Mohiuddin, Williams

Associate Professors: S. Ford, St-Pierre (Chair), Theyson

Assistant Professors: Ahmad, Elrod, B. Ford, Karadas, Song, Sturgill

## Major

Requirements for the Major in Economics

The major requires successful completion of the following:

| Code  | Title                              | Semester Hours |
|---|------------------------------------|----------------|
| <b>Course Requirements</b>  |                                    |                |
| ECON 101  | Introduction to Microeconomics     | 4              |
| ECON 102  | Introduction to Macroeconomics     | 4              |
| ECON 305  | Microeconomic Theory <sup>1</sup>  | 4              |
| ECON 306  | Macroeconomic Theory <sup>1</sup>  | 4              |
| ECON 333  | Econometrics <sup>2</sup>          | 4              |
| ECON 410  | Research Seminar <sup>3</sup>      | 4              |
| MATH 101  | Calculus I <sup>4</sup>            | 4              |
| STAT 204  | Elementary Statistics <sup>4</sup> | 4              |
| Select three additional approved electives numbered 300 or above, including no more than two courses in finance (ECON 360, ECON 361, and ECON 362). |                                    | 12             |
| Total Semester Hours  |                                    | 44             |

| Code                                     | Title | Semester Hours |
|--|-------|----------------|
| <b>Additional Requirements</b>           |       |                |
| A comprehensive examination <sup>5</sup> |       |                |

<sup>1</sup> ECON 305 and ECON 306 should be completed in the junior year.

<sup>2</sup> ECON 333 is required for students graduating in 2019 and thereafter.

<sup>3</sup> ECON 410 should be completed during the senior year.

<sup>4</sup> STAT 204 should be completed during the sophomore year.

<sup>5</sup> All economics majors are required to pass a written comprehensive exam. Each student will have to answer theoretical and applied questions, in both microeconomics and macroeconomics.

## Honors

To be eligible for honors in economics, the student must demonstrate distinguished performance in three areas: 1) major coursework; 2) the research seminar (ECON 410); and 3) the comprehensive examination. Distinguished performance is determined at the discretion of the economics faculty, though a minimum grade point average of 3.33 is necessary in the area of major coursework.

## Minor

### Requirements for the Minor in Economics

The minor requires successful completion of the following:

| Code  | Title                              | Semester Hours |
|---|------------------------------------|----------------|
| <b>Course Requirements</b>  |                                    |                |
| ECON 101  | Introduction to Microeconomics     | 4              |
| ECON 102  | Introduction to Macroeconomics     | 4              |
| STAT 204  | Elementary Statistics <sup>I</sup> | 4              |
| Select three additional courses in economics (ECON) numbered 300 or above |                                    | 12             |
| Total Semester Hours  |                                    | 24             |

<sup>I</sup> STAT 204 should be completed during the sophomore year.

## Courses

### Economics Courses

#### ECON 101 Introduction to Microeconomics (4)

This course explores how individuals and firms make decisions and interact in the marketplace. It also provides the necessary analytical tools to study a wide range of current economic problems. Topics include consumer theory, producer theory, behavior of firms, market equilibrium, monopoly, externalities and the role of the government in the economy.

#### ECON 102 Introduction to Macroeconomics (4)

This course explores economy-wide forces that affect a large number of economic agents simultaneously. The course introduces basic models of macroeconomics and illustrates principles with the experience of the U.S. and foreign economies. Topics include determination of output, unemployment, interest rates, inflation, monetary and fiscal policies, and economic growth.

#### ECON 113 Economics of Social Issues (4)

Through an issues-oriented approach to the study of economics, basic economic concepts and principles are introduced and developed through the study of various social issues such as human misery, government control of prices, higher education, energy, crime, pollution, bigness, trade protection, health, discrimination, unemployment, inflation, and the national debt.

#### ECON 301 Money and Banking (4)

A study of the American monetary and banking systems, with particular attention to commercial banking, the Federal Reserve System, monetary theory, and monetary policy. *Prerequisite: ECON 102.*

#### ECON 304 Labor Economics (4)

This course uses microeconomic theory to analyze the economics of work. The demand for and the supply of labor are the basis for analyzing a wide range of observed outcomes in the labor market, including wage determination and employment. Topics with important policy implications include human capital and educational investments, economics of the highly paid, unions, immigration policy, fringe benefits, unemployment insurance, race and gender discrimination, minimum wage policies, welfare policy, and the distribution of income. *Prerequisite: ECON 305.*

#### ECON 305 Microeconomic Theory (4)

Studies the behavior of consumers, firms, and industries, and the conditions of equilibrium in output/input markets and in the economy as a whole. *Prerequisite: ECON 101.*

#### ECON 306 Macroeconomic Theory (4)

The theory of economic growth, employment, and the price level. *Prerequisite: ECON 102.*

#### ECON 307 Income, Distribution, Poverty and Public Policy (4)

The nature, determinants, and consequences of income as it is distributed in the United States, with particular emphasis on problems and policies relating to the poor. *Prerequisite: ECON 101 and ECON 102.*

#### ECON 308 Urban Economics (4)

This course explores how the location decisions of utility-maximizing households and profit-maximizing firms lead to the formation of cities. Economic principles underlying urban development and their application to current policy debates are understood through examination of transportation, education, crime, housing, the role of government in land use patterns, and other urban issues. *Prerequisite: ECON 101.*

#### ECON 309 Women in the Economy (4)

This study of the relative economic status of women and men in the U.S., and how it has changed over time, focuses on sex differentials in earnings, occupational distribution, labor force participation and unemployment rates, levels and types of education and experience. Includes an analysis of the reasons for such differentials (e.g., the motivations for discrimination), their history, and cross-cultural variations in female status (with particular emphasis on Africa and Asia). Analyzes the effect of law and policy in the U.S. on the status of women. *Prerequisite: ECON 101.*

**ECON 310 Economic Development (4)**

The course examines the principles and concepts of development and focuses on major development problems and policies, both domestic and international. Topics of analysis include theories of economic growth and development, poverty and income distribution, population, human capital, agricultural and rural development, and international trade. *Prerequisite: ECON 101 and ECON 102.*

**ECON 311 Health and Development (4)**

This course provides students with an understanding of issues regarding the delivery of health care services in the context of developing countries. Topics include the measurement of health status; the relation between health and economic development; the demand for health services; cost-benefit and cost-effectiveness analysis; and methods for financing health care in developing, resource-constrained nations. *Prerequisite: ECON 101.*

**ECON 312 Health Economics (4)**

This course examines the nature of demand for different kinds of health services, the supply of health services, the market structure of the health care industry, market failures in the provision of health care services, alternative health care delivery systems, and related policy issues. *Prerequisite: ECON 101.*

**ECON 315 Industrial Organization and Public Policy (4)**

Discusses the economic performance of firms and industries; the importance of industrial structure in determining performance; the problem of monopoly, business behavior, and performance; public policies to promote competition; and public regulation. *Prerequisite: ECON 101 and MATH 101.*

**ECON 320 Behavioral Economics (4)**

This course analyzes the observed behavior of decision-makers and explores when and why actual behavior deviates from the predictions of standard economic models. Drawing from research in psychology, the course enriches standard economic theories by incorporating social, cognitive, and emotional factors into decision-making models. These factors include (but are not limited to) bounded rationality, social preferences, procrastination, and self-control. The course also considers the policy implications of behavioral models as they relate to saving, consumption, health, and education. *Prerequisite: ECON 101.*

**ECON 326 Growth Theory (4)**

This course examines classical and modern theories of long run economic growth. Emphasis is placed on the comparative experience of developed and less developed countries. Relevant topics include capital formation, investment, technology, deficits, graft and institutional analysis. *Prerequisite: ECON 102.*

**ECON 329 Law and Economics (4)**

This course examines how legal rules and institutions create economic incentives and affect behavior. The course is organized around the three major areas of the common law—property, tort, and contract law—and criminal law. Both a jurisprudential and an economic theory of the law are introduced and developed. Economic analysis is used to predict the behavior and outcomes that result from various legal rules and to evaluate which legal rules are best in terms of economic efficiency. *Prerequisite: ECON 101.*

**ECON 331 Public Finance and Fiscal Policy (4)**

Examines the economic function of government: allocation of resources, distribution of income, stabilization. Revenue structure: federal, state, and local taxation. Government expenditure: the federal budget, criteria for evaluating government expenditures, specific programs. Fiscal policy. *Prerequisite: ECON 101.*

**ECON 333 Econometrics (4)**

This course introduces economic research methods and requires development of an individual research effort. Econometric (quantitative) analysis is also introduced and applied with the use of econometric software. *Prerequisite: STAT 204 and ECON 101 and ECON 102.*

**ECON 335 Environmental Economics (4)**

A study of the causes of and solutions for pollution and environmental degradation weighs the value of ecosystems and their role in sustaining economic activity. Applies cost/benefit analysis to environmental issues and provides an introduction to economics of nonrenewable and renewable resources such as mines, forests, and fish. *Prerequisite: ECON 101.*

**ECON 336 Energy Economics (4)**

This course applies microeconomic principles to the energy sector, focusing on energy supply and demand in the U.S. and global markets. It uses economic theory and an empirical perspective to examine markets for coal, electricity, natural gas, and renewable energy resources. It also assesses public policies that affect energy markets, including those related to energy taxes and subsidies, deregulation, and other policy instruments for pollution control. *Prerequisite: ECON 101.*

**ECON 338 The Economics of Food Policy (4)**

This course analyzes a broad range of government policies affecting our food system, from producers to consumers. The focus is on contemporary policy issues. Examples include farm income support, environmental regulation, fuel production, consumer protection, trade distortions and food aid. *Prerequisite: ECON 101.*

**ECON 340 Introduction to Mathematical Economics (4)**

Studies the mathematical formulation of economic theory by examining selected topics drawn from micro and macroeconomic models, general equilibrium analysis, input/output analysis, static and dynamic analysis, and linear programming. *Prerequisite: ECON 101 and MATH 101.*

**ECON 341 Game Theory (4)**

An introduction to the field of game theory--that is, study of strategic interactions in which participants take into account both the realized and anticipated behavior of other participants in determining their own behavior. Applications are drawn from the labor market, oligopoly, global politics, and everyday life. *Prerequisite: ECON 101 and MATH 101.*

**ECON 343 International Trade (4)**

This course studies international trade theories and trade policy. Topics include trade models, the gains from trade, determinants of the terms of trade and income distribution, global factor movements, protectionist policy, and trade agreements. *Prerequisite: ECON 101.*

**ECON 344 International Finance (4)**

This course studies financial aspects of growth, income and price level determination in open economies. Topics include the balance of payments, exchange rate determination, international payment adjustment mechanisms, capital flows, and international macroeconomic policy. *Prerequisite: ECON 102.*

**ECON 345 Economic Development in China (4)**

A study of the nature of the development problem and of policy issues facing the heterogeneous category of developing economies focuses on the contemporary Chinese economy, in transition and undergoing reform. Applies theoretical and fieldwork-based analysis to issues pertaining to agricultural and industrial development, income distribution and poverty alleviation, privatization and development of the market, labor markets and human capital formation, women's empowerment, and international trade. This course is offered as part of the Summer in China Program. *Prerequisite: Only open to students who have completed ECON 101 and been admitted to the Summer in China program.*

**ECON 346 Introduction to Asian Development (2)**

The course offers an introduction to economic development process in Asian countries, with focus on similar and diverse characteristics of developing Asian countries as well as unique characteristics of Chinese development. Emphasis is placed on the historical, cultural, and political context of economic development policies in China, as background preparation for students doing a fieldwork-based, summer trip to China. The course trains students to gather primary data through individual interviews and focus group discussions they will undertake with employees and managers of state-owned enterprises, joint ventures, private businesses, and Chinese Communist Party members. *Prerequisite: ECON 101.*

**ECON 347 Microfinance Institutions in South Asia (4)**

The course provides an overview of the microfinance industry: its origins, evolution, theoretical underpinnings and empirical evidence. It focuses on both the tools of microfinance operation such as financial management and lending methodologies, and on the basic issues and policy debates in microfinance, such as impact assessment, poverty targeting and measurement and sustainability. This course is offered as part of the Summer in South Asia Program. *Prerequisite: Only open to students who have completed ECON 101 and been admitted to the Summer in South Asia program.*

**ECON 348 Social Entrepreneurship (4)**

This course focuses on entrepreneurial approaches to solving social problems, and explores the ways in which such approaches can fundamentally change society. The course examines best practices of successful Social Sector Institutions such as the Grameen Bank and innovative not-for-profit ventures. It also confronts theoretical issues that inform these practices--issues such as community accountability and clients' gender, connected to practices such as product development and risk management. A variety of governance structures (NGOs, cooperatives, and for-profit ventures) and service delivery strategies (individual and group, peer microlending, venture capital) are considered. International in scope, this course examines the replication of successful models across differing economies. *Prerequisite: ECON 101.*

**ECON 349 Selected Topics in Microfinance and Social Entrepreneurship (2)**

The course provides an introduction to microfinance and social entrepreneurship. It focuses on the concept, issues, and success of the microfinance movement around the world, particularly with respect to the Grameen Bank of Bangladesh. The course also addresses the social entrepreneurship movement and discusses some leading global social entrepreneurs, as background preparation for student planning a fieldwork-based summer trip to Bangladesh. The course trains students to gather primary data through individual interviews and focus group discussions they will undertake with poor borrowers of the Grameen Bank and other microfinance institutions. *Prerequisite: ECON 101.*

**ECON 360 Corporate Finance (4)**

This course addresses the concepts underlying corporate finance and equity markets. Topics include financial statement analysis, capital budgeting, capital structure, dividend policy, security valuation and efficient market theory. Prior completion of ECON 102 is preferred. *Prerequisite: ECON 101 and STAT 204.*

**ECON 361 Investments (4)**

This course examines investment theory and financial assets. Topics include equity trading strategies, equity valuation, portfolio theory, asset pricing models, performance evaluation, and valuation of fixed income instruments. *Prerequisite: ECON 360 and STAT 204.*

**ECON 362 Financial Derivatives (4)**

This course introduces students to derivatives contracts, and the use of these contracts in risk management. Topics include options, futures, forward contracts, swaps and credit default swaps and how to use these tools to construct trading strategies and manage risk. Prior completion of ECON 361 is recommended. *Prerequisite: ECON 360 and STAT 204.*

**ECON 385 Special Topics (4)**

A selection of topics are explored depending on interest. This course may be repeated. *Prerequisite: ECON 101 and ECON 102.*

**ECON 390 History of Economic Thought (4)**

Presents economic thought throughout history, but primarily the classical, Marxian, neoclassical, and Keynesian schools. Leading writers are considered chronologically, with emphasis on Smith, Ricardo, Malthus, Marx, J.S. Mill, Marshall, and Keynes. *Prerequisite: ECON 101 and ECON 102.*

**ECON 410 Research Seminar (4)**

An introduction to specific fields of literature and the empirical methods of research used to produce that literature. The first half of the semester will be devoted to learning econometric modeling methods and the second half to applying these methods. All students will be required to produce a major paper based on original empirical research. *Open only to seniors pursuing majors in economics. Prerequisite: ECON 333.*

**ECON 411 Policy Seminar (4)**

This course examines major streams of thought concerning the roles that government, markets, and other institutions should play in bringing about the maximum well-being of society. Using professional economics literature, students then apply these ideas to a variety of policy issues. *Open only to seniors pursuing majors in economics.*

**ECON 444 Independent Study (4)**

Supervised research for selected students. May be repeated. *Prerequisite: ECON 101 or ECON 102, professor consent, and prerequisite override required.*