

Economics and Finance

Websites: Economics (<https://new.sewanee.edu/programs-of-study/economics/>), Finance (<https://new.sewanee.edu/programs-of-study/finance/>)

The Department of Economics offers two majors and one minor. The Economics major provides instruction for students interested in understanding economic activity: its development and operation, its problems and trends, and its public and private institutions. The Finance major offers a strong foundation in the broader field of economics and statistical analysis combined with core classes in the economic sub-field of finance and a robust spectrum of economics and finance electives.

Faculty

Professor: Williams

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

Assistant Professors: Ahmad, B. Ford, Misra, Sherpa, Song

Majors

Majors

- Economics (<http://e-catalog.sewanee.edu/archives/2020-2021/arts-sciences/departments-interdisciplinary-programs/economics/economics-major/>)
- Finance (<http://e-catalog.sewanee.edu/archives/2020-2021/arts-sciences/departments-interdisciplinary-programs/economics/finance-major/>)

Students may not declare a double major in Economics and Finance.

Minor

Requirements for the Minor in Economics

The minor requires successful completion of the following:

Code	Title	Semester Hours
Course Requirements		
ECON 101	Introduction to Microeconomics	4
ECON 102	Introduction to Macroeconomics	4
STAT 204	Elementary Statistics ¹	4
Select three additional courses in Economics (ECON) numbered 200 or above		12
Total Semester Hours		24

¹ 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 201 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 and (MATH 101 or MATH 102).*

ECON 202 Macroeconomic Theory (4)

The theory of economic growth, employment, and the price level. *Prerequisite: ECON 102 and (MATH 101 or MATH 102).*

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 201 or ECON 305.*

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 201.*

ECON 318 Analysis of Economic Decisions (4)

Introduction and application of analytical tools such as optimization, forecasting, simulation, and decision analysis. Focus is on model building to solve common economic problems. *Prerequisite: ECON 101 and STAT 204.*

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 201 or ECON 305.*

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 202 or ECON 306.*

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 provides an introduction to economic applications of statistics, including descriptive statistics, probability theory, distributions, parameter estimation, hypothesis testing, simple and multiple regression, and the application of these statistics to economic research. Students will be introduced to econometric software and will begin to develop their senior research. Open only to seniors pursuing majors in economics or finance. Open only to seniors pursuing majors in economics or finance. *Prerequisite: ECON 201 and ECON 202 and STAT 204.*

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 339 Economics of Immigration (4)

This course explores the economic causes and consequences of immigration. Importantly, it theoretically and empirically studies how the migration experience relates to the residents of both origin and destination countries. Topics include immigrant selection, assimilation, fiscal and labor market effects of immigration for the destination countries, and the consequences of brain drain for the source countries. *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: MATH 101 and (ECON 201 or ECON 305).*

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 courses 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 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 355 Managerial Economics (4)

This course builds upon a theoretical foundation in microeconomics through the study and use of quantitative decision-making tools commonly applied to economic problems faced by firms. The course is designed to improve the student's ability to understand and apply economic principles used by firms in decision-making, in addition to providing an opportunity to create simple firm decision models using spreadsheets and basic statistical analysis. *Prerequisite: ECON 101.*

ECON 360 Corporate Finance (4)

This course addresses the concepts underlying corporate finance and equity markets. Topics include financial statement analysis, time value of money, security valuation, capital budgeting, capital structure, dividend policy, and working capital management. *Prerequisite: ECON 101 and STAT 204.*

ECON 361 Investments (4)

This course examines investment theory and its applications. Topics include equity valuation, equity trading, portfolio theory, asset pricing models, performance evaluation, and efficient market hypothesis. *Prerequisite: BUSI 215 and ECON 360.*

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 (2 or 4)

A selection of topics are explored depending on interest. This course may be repeated for credit when the topic differs. *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)

This course uses economic literature as a tool to examine the economic ideas and advanced econometric techniques necessary to empirical economic research. Students will apply these concepts to their original senior research, which will be completed as part of this course. Open only to seniors pursuing majors in economics. *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 (2 or 4)

Supervised research for selected students. This course may be repeated for credit when the topic differs. *Prerequisite: ECON 101 or ECON 102, professor consent, and prerequisite override required..*

Finance Courses

FINC 201 Corporate Finance (4)

This course addresses the concepts underlying corporate finance and equity markets. Topics include financial statement analysis, time value of money, security valuation, capital budgeting, capital structure, dividend policy, and working capital management. *Prerequisite: ECON 101.*

FINC 301 Investments (4)

This course examines investment theory and its applications. Topics include equity valuation, equity trading, portfolio theory, asset pricing models, performance evaluation, and efficient market hypothesis. *Prerequisite: STAT 204 and (FINC 201 or ECON 360).*

FINC 302 Derivatives and Fixed Income Securities (4)

This course introduces students to fixed income securities, derivatives contracts, and the use of these contracts in trading and risk management. Topics include yield curve, duration, types of fixed income products, structured financial instruments, futures, forward contracts, swaps, and options. This course cannot be taken for credit by students who have already completed ECON 362. *Prerequisite: (ECON 360 or FINC 201) and STAT 204.*

FINC 305 Financial Modeling (4)

Examines the real-world applications of finance theory and helps students develop financial modeling skills. Topics include the dividend discount model (DDM), financial statement modeling, discounted cash flow (DCF) analysis, the leverage buyout (LBO) model, merger modeling, bond valuation, and portfolio optimization. *Prerequisite: (ECON 360 or FINC 201) and STAT 204.*

FINC 310 Real Estate Finance (4)

This course examines investment theory and its applications. Topics include equity valuation, equity trading, portfolio theory, asset pricing models, performance evaluation, and efficient market hypothesis. *Prerequisite: BUSI 215 and (FINC 201 or ECON 360).*

FINC 385 Special Topics (2 or 4)

A selection of topics are explored depending on interest. This course may be repeated for credit when the topic differs.

FINC 410 Advanced Security Analysis (4)

This course examines theory, concepts, and tools for advanced security analysis focusing on equities. Topics include financial statement analysis, security valuation, equity research, financial modeling, and portfolio analysis and management. Open only to seniors pursuing majors in finance. *Prerequisite: BUSI 215 and FINC 301 and (ECON 333 or STAT 214).*