ECONOMICS

The Department of Economics is dedicated to providing a rigorous, challenging curriculum that emphasizes economic theory and focuses on how economists view the world. Students master a wide variety of philosophical, technical, logical, computer, and quantitative skills. The Wabash College Economics major is taught to evaluate arguments and policies, analyze empirical data, and present his views, rationales, and results.

The department does not award credit for business classes taken off campus.

Requirements for the Major

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECO-101</td>
<td>Principles of Economics</td>
<td>1</td>
</tr>
<tr>
<td>ECO-291</td>
<td>Intermediate Micro</td>
<td>1</td>
</tr>
<tr>
<td>ECO-292</td>
<td>Intermediate Macro</td>
<td>1</td>
</tr>
<tr>
<td>ECO-251</td>
<td>Economic Approach With Excel</td>
<td>0.5</td>
</tr>
<tr>
<td>ECO-253</td>
<td>Introduction to Econometrics</td>
<td>1</td>
</tr>
<tr>
<td>ECO-401</td>
<td>Senior Seminar</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Select at least two courses with a prerequisite of ECO 291 or ECO 292</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Economics Elective</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Total Credits: 9

1 A course in statistics, either DV3-252 Stats Soc Sciences or a full-credit Mathematics Department Statistics course above the 100-level must be taken before enrolling in ECO-253 Introduction to Econometrics.

2 ECO-262 Financial Markets and Institutions does not count toward the major in economics.

Senior Comprehensive Exams

The Written Comprehensive Exam in Economics is spread over two days and designed to evaluate the student's understanding of both core concepts and the wide variety of applications of economic theory. The first day consists of an objective, standardized test that contains questions from every economics course offered at Wabash. The second day consists of an essay exam on micro and macro theory and econometrics.

Recommended Sequence of Courses

The “typical” economics major:

<table>
<thead>
<tr>
<th>Course</th>
<th>Title</th>
<th>Credits</th>
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</thead>
<tbody>
<tr>
<td>Freshman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall Semester</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAT-111</td>
<td>Calculus I</td>
<td>1</td>
</tr>
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</table>

Total Credits: 1

Spring Semester

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECO-101</td>
<td>Principles of Economics</td>
<td>1</td>
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</table>

Sophomore

Fall Semester

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
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<tbody>
<tr>
<td>DV3-252</td>
<td>Stats Soc Sciences</td>
<td>0.5</td>
</tr>
<tr>
<td>ECO-251</td>
<td>Economic Approach With Excel</td>
<td>0.5</td>
</tr>
<tr>
<td>ECO-291</td>
<td>Intermediate Micro</td>
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</table>

Total Credits: 2

Spring Semester

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>ECO-253</td>
<td>Introduction to Econometrics</td>
<td>1</td>
</tr>
<tr>
<td>ECO-292</td>
<td>Intermediate Macro</td>
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Total Credits: 2

Junior

Electives

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
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Senior

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECO-401</td>
<td>Senior Seminar</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Electives</td>
<td></td>
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</tbody>
</table>

Total Credits: 1

Recommended Sequence of Courses

The typical economics major:

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<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>MAT-111</td>
<td>Calculus I</td>
<td>1</td>
</tr>
</tbody>
</table>

Total Credits: 1

1 It is recommended, but not required, that students take ECO-291 Intermediate Micro before ECO-292 Intermediate Macro.

Although the above sequence is preferred, there can be flexibility in this basic pattern. The well-prepared first-year student might want to begin the study of economics in the first semester of the freshman year, while “late contractors” (students who decide to major in economics during their sophomore year) may choose a more tightly packed junior/senior year combination of economics courses. Students with weak performance in MAT110 are less likely to succeed majoring in Economics. The prospective economics major should be careful in planning the theory/empirical sequence year. The sequence of DV3-252 Stats Soc Sciences in the FALL and ECO-253 Introduction to Econometrics in the SPRING is crucial. ECO-251 Economic Approach With Excel should be taken by the time the other courses in the theory/empirical sequence are completed. It is most convenient to take ECO-251 Economic Approach With Excel and ECO-291 Intermediate Micro along with DV3-252 Stats Soc Sciences in the fall. Thus, if the economics major is planning to study off-campus as a second semester junior, it is absolutely imperative that he begin the empirical sequence and take ECO-253 Introduction to Econometrics as a sophomore. We advise students to take ECO - 292 Intermediate Macro before the spring of junior year.

Contact any member of the Economics Department if you have questions, need help in making course decisions, or want advice concerning the study of economics at Wabash and beyond.

Requirements for the Minor

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Credits</th>
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<tbody>
<tr>
<td></td>
<td>Five course credits in economics</td>
<td>5</td>
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</table>

Total Credits: 5
ECO-101 Principles of Economics
This introductory course, which covers the basic foundations of microeconomics and macroeconomics, is the gateway to the economics curriculum and an important part of a well-rounded education. The microeconomics portion of the course covers basic supply and demand analysis, market failure, present value, opportunity cost, and the theory of the firm. The macroeconomics portion of the course introduces issues such as inflation, unemployment, and government policy tools. In addition to discussion and problem solving, the class will focus on the use of Microsoft Excel to analyze real-world economic data.
Prerequisites: none
Credit: 1
Distribution: Behavioral Science
Equated Courses: AP

ECO-177 Special Topics
The course provides opportunities for specialized, innovative material to be made available for students at the introductory level. Since the content of this course varies from semester to semester, it may be repeated for credit upon the instructor's approval. Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.
Prerequisites: none
Credit: 1
Distribution: Behavioral Science

ECO-187 Independent Study
Enrollment Through Instructor, Department Chair approval.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-188 Independent Study
Enrollment Through Instructor, Department Chair approval.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-205 History of Economic Thought
This course examines the intellectual history of economics. The ideas of great economists (including Smith, Ricardo, Marx, Keynes, Schumpeter, and Knight) are analyzed and compared. Particular emphasis is placed on differing views toward capitalism—especially predictions about its eventual fate.
Prerequisites: none
Credit: 1
Equated Courses: HIS-236

ECO-214 Topics in Econ Hist: European
The purpose of this course is to study economic issues in European economic history. Topics vary, but examples of questions that may be addressed are: What caused the Industrial Revolution and why did it occur in England? What effects did it have on living standards? What explains the rise and decline of economics? How and why has population changed over time?
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science
Equated Courses: HIS-235

ECO-220 The Global Economy
This course is designed to provide a one-semester introduction to both the microeconomic and macroeconomic aspects of international economics and is intended for a wide audience. The goal of the course is to provide you with a basic understanding of the fundamental theories of international economics including both international trade and international finance, to acquaint you with the historical and institutional contexts in which the US economy operates, and to broaden your understanding of other economies by studying their policy problems within the analytical framework of international economics.
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science

ECO-221 Economics of the European Union
The course includes a variety of topics related to current economic policy and institutional arrangements in the EU, ranging from labor markets and common monetary policy to international trade policy and challenges of growth. The goal of this class is to develop a deeper understanding of the economic structure and policies of the European Union (EU). Additionally, the class will help students to become familiar with some data sources for information about the EU. Finally, economic policy is done in the cultural, historical, and social context of individual countries; therefore, some of this context will be included in class. The regular in-class approach may be complemented with an immersion trip to visit EU institutions, such as the European Commission in Brussels, Belgium, and the European Central Bank in Frankfurt, Germany. ECO-221 requires concurrent enrollment in PSC-322 (Politics of the European Union) and includes an immersion trip over spring break. Registration through instructor only.
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science

ECO-222 Comp Economic Systems
Focusing on East Asia and Eastern Europe, the class offers a critical comparative study of alternative approaches to establishing economic systems that will support growth, promote social cohesion, and facilitate transition to a market economy. The class includes a brief discussion of varieties of economic systems within the developed world, comparing the U.S. to Western Europe. Particular attention is paid to development in economic systems in fast-growing East Asia and Eastern Europe in transition. We examine various combinations of institutional framework, economic policies, and available resources that facilitated the transition and strong growth in these regions.
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science
**ECO-224 Economic and Political Development**
A brief survey of problems facing lesser-developed countries and of measures proposed and used for the advancement of political integration and the improvement of living standards and social welfare. Study will be made of the role of capital accumulation, private initiative, representative government, and other factors in economic growth and political modernization.

**Prerequisites:** ECO-101

**Credit:** 1

**Distribution:** Behavioral Science

**Equate Courses:** PPE-264

**ECO-231 Law & Economics**
An examination of the proposition that economic reasoning can explain the evolution of the law. By focusing on property, tort, and contract law, each student can decide for himself the power of economics as a driving force in the law. By its very nature interdisciplinary, this course is designed for non-majors as well as majors.

**Prerequisites:** ECO 101

**Credit:** 1

**Equate Courses:** PPE-251

**ECO-232 Public Policy**
The purpose of this course is to use tools from Principles of Economics to study current public policy issues, and to analyze and evaluate existing and proposed policies for dealing with a variety of contemporary economic and social problems in the United States. Students will learn quantitative and qualitative skills useful for assessing public policy issues and their implementation and effectiveness. Topics may include (but are not limited to) health economics (Medicaid, Medicare, health care reform), environmental economics and policy (cap and trade policies), welfare and social services, income distribution, education, and energy economics.

**Prerequisites:** ECO-101

**Credit:** 1

**Distribution:** Behavioral Science

**Equate Courses:** PPE-252

**ECO-234 Environmental Economics**
An introduction to environmental science, this course focuses on the definition and description of environmental resources, as well as management, and conservation. Includes topics on ecosystems, energy and mineral resources, population dynamics and the impact on environmental quality, water and air quality, water supply, solid waste. Analysis of the economic, social, and political interactions towards environmental management.

**Prerequisites:** ECO-101

**Credit:** 1

**Distribution:** Behavioral Science

**Equate Courses:** PPE-254

**ECO-235 Health Economics**
This course is an introduction to the study of health care. While we will draw heavily on important ideas in economics, the course is interdisciplinary in nature. Basic questions to be considered include: What roles have nutrition, public health, doctors, hospitals, and drugs played in the dramatic improvement in health since 1800? What role does personal behavior (e.g., eating, smoking, and exercise) play in health? What explains the organization and evolution of the American health care system? In a world of limited resources, how should we decide what medical care ought to be foregone? What is the best way to deal with the major health challenges facing developing countries? Why has spending on health care increased so much over the past 100 years? Why does the United States spend so much more than the rest of the world on health? Why do governments intervene in health care? What kinds of reforms to the health care system might work? Non-majors are encouraged to take the course.

**Prerequisites:** ECO-101

**Credit:** 1

**Distribution:** Behavioral Science

**Equate Courses:** PPE-255

**ECO-241 Game Theory**
While the economic model of perfect competition assumes that prices and profits are determined by the invisible hand of the market and individuals take them as given, in markets that are not perfectly competitive there is more room for bargaining and strategic interaction. Game theory analyzes situations where there is strategic interaction, where the outcomes for one individual depend on the choices made by another individual. Such situations occur not only in economics, but also in politics and biology, and in everyday life. This class will examine a variety of games and their equilibrium outcomes. This class will require mathematical reasoning, but will not require calculus.

**Prerequisites:** none

**Credit:** 1

**Distribution:** Behavioral Science, Quantitative Literacy

**ECO-251 Economic Approach With Excel**
An introduction to optimization, equilibrium, and comparative statics via Microsoft Excel. This course emphasizes numerical problems while illustrating the essential logic of economics. Economics majors are strongly encouraged to take this course in the sophomore year.

**Prerequisites:** ECO-101

**Credits:** 0.5

**Distribution:** Quantitative Literacy, Behavioral Science, Quantitative Skills

**ECO-253 Introduction to Econometrics**
This course introduces students to empirical work in economics. Regression for description, inference, and forecasting is presented in a non-formulaic, intuitive way. Microsoft Excel is used to analyze data and perform Monte Carlo simulation. Heteroskedasticity and autocorrelation are covered. Students will also learn how to read and write empirical papers in economics. Economics majors are strongly encouraged to take this course in the sophomore year. This course is offered in the spring semester.

**Prerequisites:** Take DV3-252, or PSC-297, or MAT-253 and 353, or PSY-201 and 202.

**Credit:** 1

**Distribution:** Behavioral Science, Quantitative Literacy
ECO-262 Financial Markets and Institutions
This course uses basic tools of economic theory to analyze modern financial institutions and markets. The financial instruments to be covered range from credit card loans to mortgages, stocks, bonds, futures, and options. The main questions of the course are: What roles do commercial banks, pension funds, insurance companies, investment banks, mutual funds, and the government play in financial markets? What determines the prices of stocks and bonds? How can individuals and institutions deal with risk and how is risk measured? What drives innovation in financial markets? The course concentrates on contemporary U.S. institutions, but offers some historical and international perspective. This course is offered in the spring semester. Note: ECO 262 does not count toward the major in economics.
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science

ECO-277 Special Topics
The course provides opportunities for specialized, innovative material to be made available for students at the introductory level. Since the content of this course varies from semester to semester, it may be repeated for credit upon the instructor's approval. Please refer to the Registrar's page for course description.
Prerequisites: ECO-101
Credit: 1
Distribution: Behavioral Science

ECO-287 Independent Study
Students who wish to take an independent study in economics should plan their project with the instructor who is to supervise and approval of the Chair of the Department.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-288 Independent Study
Students who wish to take an independent study in economics should plan their project with the instructor who is to supervise with approval of the Chair of the Department.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-291 Intermediate Micro
This course examines the development of the theories of the price mechanism under competitive and non-competitive market situations. The costs and revenue decisions of the firm are analyzed within the context of standard assumptions about economic behavior. The welfare implications of contemporary problems under partial and general equilibrium conditions are explored. This course is offered in the fall and spring semester. It is recommended that students take ECO-291 before ECO-292.
Prerequisites: ECO-101 with a C- or better and MAT-110 or 111 with a C- or better.
Credit: 1
Distribution: Behavioral Science

ECO-292 Intermediate Macro
This course examines the measurement, determination, and control of the level of economic activity. General equilibrium models are used to determine real output, employment, inflation, unemployment, and interest rates. We also study the determinants of long-run growth. The roles of fiscal and monetary policy are analyzed in their application to fluctuations in economic activity. This course is offered in the fall and spring semester. It is recommended that students take ECO 292 after ECO 291.
Prerequisites: ECO-101 with a C- or better and MAT-110 or 111 with a C- or better.
Credit: 1
Distribution: Behavioral Science

ECO-321 International Trade
Examines the theory of international trade and its applications. Students will learn why nations exchange, what determines the patterns of production and trade across countries, and what the welfare implications of trade are for the world at large and for the domestic economy. Special topics include GATT, multinationals, protectionism, and Third-world debt.
Prerequisites: ECO-251, 253, and ECO-291
Credit: 1
Distribution: Behavioral Science

ECO-322 International Finance
This course provides an overview of international finance along with selected themes from open economy macroeconomics. Topics include determination of exchange rates (including speculative bubbles and exchange rate overshooting), alternative exchange rate systems, intervention of central banks on foreign exchange markets, the relationship between interest rate and price level with exchange rate, consequences of exchange rate fluctuations, international banking and global capital markets, and financial and exchange rate crises. The course incorporates econometric techniques and spreadsheets in analyzing data and makes use of some standard data sources.
Prerequisites: ECO-253 and 292
Credit: 1
Distribution: Behavioral Science

ECO-331 Econ of Public Sector
An examination of the economic role of the public sector in the United States. Some of the general questions addressed include: When do markets fail to bring about desirable outcomes in the absence of government intervention? Under what circumstances can governmental action improve economic outcomes? What are the main features and economic effects of current government tax and expenditure programs? By what principles should reform of these programs be guided?
Prerequisites: ECO 253 and 291
Credit: 1
Distribution: Behavioral Science

ECO-332 Labor Economics
Why do different people earn different wages? What determines firms' demand for labor? What determines workers' labor supply? Why has wage inequality increased? Why does unemployment exist? The purpose of this course is to answer these questions using both microeconomic theory and econometrics, and to apply this knowledge to questions of labor market policy. Topics addressed include the determinants of labor demand and supply, minimum wages, human capital, efficiency wages, and discrimination. This course is offered in the spring semester.
Prerequisites: ECO-253 and 291
Credit: 1
Distribution: Behavioral Science
ECO-333 Industrial Organization
Extends ECO 291 by examining both the theoretical and the empirical analysis of imperfectly competitive firms. Particular emphasis is devoted to oligopoly theory and strategic behavior in which firms determine the best ways to compete with their marketplace rivals. Other topics include price discrimination, imperfect information, vertical restrictions such as resale price maintenance, and the role of innovation in market structure.
Prerequisites: ECO-251, 253, and 291
Credit: 1
Distribution: Behavioral Science

ECO-353 Econometrics
An introduction to applied economic statistics and techniques for reaching sensible conclusions on the basis of empirical economic evidence. The course covers theoretical issues more rigorously than ECO 253, but also gives students hands-on experience with sophisticated econometric software. Topics covered include: simple and multiple linear regressions, autocorrelation and heteroskedasticity, time series and forecasting, simultaneous equations, and qualitative response models. Numerous empirical exercises and a significant empirical paper are among requirements of the course. This course is offered irregularly.
Prerequisites: ECO-253 and ECO-291 or 292. Recommended: MAT-223
Credit: 1
Distribution: Behavioral Science

ECO-361 Corporate Finance
This course applies economic theory to analyze financial decisions made by corporations. These decisions include what real assets to invest in and how to raise the funds required for these investments. The analysis concentrates on the roles of the timing of cash flows, the risk of cash flows, and the conflicts of interest between the various actors in the world of corporate finance. Special attention is paid to stocks, bonds, dividends, and options. Extensive use is made of financial data and spreadsheets.
Prerequisites: ECO-251, 253, and 291
Credit: 1
Distribution: Behavioral Science

ECO-362 Money and Banking
This course provides an introduction to financial markets and the assets traded therein (such as bonds, stocks, and derivatives), with an emphasis on the role and function of commercial banks. This is complemented with analysis of the money market. Theories of money demand are combined with discussion of the role of the banking system in the money supply process. We examine the central role of the Federal Reserve in executing monetary and credit policies. This course incorporates econometric techniques and spreadsheets in analyzing financial data and makes use of some standard data sources. This course is offered in the fall semester.
Prerequisites: ECO-253 and 292 with a minimum grade of C-.
Credit: 1
Distribution: Behavioral Science

ECO-363 Topics in Macroeconomics
Featuring macroeconomic policies and issues, this course includes the study of business cycles, the economics of government deficits and debt, case studies in macroeconomic policy, and macroeconomic forecasting. This course is offered irregularly.
Prerequisites: ECO-251, 253, and 292
Credits: 0.5-1
Distribution: Behavioral Science

ECO-364 Case Studies in Macroeconomics
Utilizing a case study approach, this course explores advanced issues in macroeconomic policy. Topics covered include the business cycle, international macro, and growth.
Prerequisites: Take ECO-251, 253, and 292
Credit: 1
Distribution: Behavioral Science

ECO-377 Special Topics
The course provides opportunities for specialized, innovative material to be made available for students at the advanced level. Since the content of this course varies from semester to semester, it may be repeated for credit upon the instructor's approval. Refer to the Course Descriptions document on the Registrar's webpage for Topics and Descriptions of current offerings.
Prerequisites: ECO-101, 253, and 291 or 292
Credits: 0.5-1
Distribution: Behavioral Science

ECO-387 Independent Study
Students who wish to do an independent study in economics should plan their project with the instructor who is to supervise with the approval of the Chair of the Department.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-388 Independent Study
Students who wish to do an independent study in economics should plan their project with the instructor who is to supervise with the approval of the Department Chair. This course is offered in the spring semester.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-401 Senior Seminar
A capstone seminar course in which current economic problems and policy are analyzed. This course is required of all economics majors. This course is offered in the fall semester.
Prerequisites: ECO-251, 253, 291, and 292
Credit: 1
Distribution: Behavioral Science

ECO-487 Independent Study
Enrollment Through Instructor, Department Chair approval.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-488 Independent Study
Enrollment Through Instructor, Department Chair approval.
Prerequisites: none
Credits: 0.5-1
Distribution: Behavioral Science

ECO-491 Advanced Microeconomic Theory
This course refines the microeconomic analysis offered at the intermediate level by introducing more rigorous mathematical tools. Additional topics in microeconomic theory are introduced and analyzed with the use of advanced mathematical techniques. This course is especially recommended to students considering graduate work in economics and should also prove useful to students considering graduate study in business. This course is offered irregularly.
Prerequisites: ECO-291, MAT-111 and 112
Credit: 1
Distribution: Behavioral Science
ECO-492 Adv Macroeconomics
The major propositions of intermediate macroeconomics are reviewed and expressed in the language of mathematics, and more complex and newer theories of macroeconomics are presented. A major substantive focus will be on the similarities and differences between classical, post Keynesian, monetarist, and rational expectations theories for macroeconomics, recent relevant empirical findings, and implications of economic policy. This course is especially recommended to students considering graduate work in economics and should also prove useful to students considering graduate study in business. This course is offered irregularly.

Prerequisites: ECO-292 and MAT-110 or 111
Credit: 1
Distribution: Behavioral Science

Economics (ECO) Faculty
Joyce Burnette
Chonghyun Christie Byun
Eric Paul Dunaway
Jack L Foos
Perry Edward Hensley
Gregory D. Hess
Frank M Howland
Peter Mikek (chair)
Sujata Saha
Nicholas Arthur Snow