

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.

Student Learning Goals

Understand standard micro and macro theory.

Understand optimization and comparative statics and their place in economics.

Be able to use Excel and Stata as analytical tools for empirical analysis.

Be able to find, assess, and analyze data to support an economic argument.

Write a convincing and well argued empirical paper that places quantitative analysis in a broader context.

Be able to communicate economic ideas orally in a clear, persuasive, and eloquent manner.

Apply economic theory in a broad variety of real-world situations.

Connect economics to other liberal arts.

Understand the interconnectedness of the global economic system and the role of the US in it.

Foster independent inquiry into economic questions.

Promoting social responsibility.

Requirements for the Major

Code	Title	Credits
ECO-101	Principles of Economics	1
ECO-291	Intermediate Microeconomic Theory	1
ECO-292	Intermediate Macroeconomics	1
ECO-251	Economic Approach With Excel	0.5
ECO-253	Introduction to Econometrics ¹	1
ECO-401	Senior Seminar	1
Select at least two courses with a prerequisite of ECO-291 or ECO-292 ²		2
Economics Elective ³		1.5
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-358 and ECO-401 do not count for this requirement.

³

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

Code	Title	Credits
Collateral Requirement		
DV3-252	Stats Soc Sciences	0.5
MAT-110	Calc I With Pre-Calc Review	1
or MAT-111 Calculus I		

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:

Course	Title	Credits
Freshman		
Fall Semester		
MAT-111	Calculus I	1
Credits		1
Spring Semester		
ECO-101	Principles of Economics	1
Credits		1
Sophomore		
Fall Semester		
DV3-252	Stats Soc Sciences	0.5
ECO-251	Economic Approach With Excel	0.5
ECO-291	Intermediate Microeconomic Theory	1
Credits		2
Spring Semester		
ECO-253	Introduction to Econometrics	1
ECO-292	Intermediate Macroeconomics	1
Credits		2
Junior		
Electives		
Credits		0
Senior		
ECO-401	Senior Seminar	1
Electives		
Credits		1
Total Credits		7

¹ It is recommended, but not required, that students take ECO-291 Intermediate Microeconomic Theory before ECO-292 Intermediate Macroeconomics.

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. 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

Code	Title	Credits
Five course credits in economics		5
Total Credits		5

ECO-262 Financial Markets and Institutions counts toward the minor, but not toward the major (DV3-252 Stats Soc Sciences does not count toward the minor.)

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

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

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

ECO-188 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

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

Distribution: Behavioral Science, History/Philosophy/Religion

Equated Courses: HIS-236

ECO-213 Topics in Econ History: US

The purpose of this course is to use economics to improve our understanding of history and to use history to improve our understanding of economics. Examples of questions that may be addressed are: Why is the U.S. wealthy? How do government policies affect the economy? How has the role of government changed over the course of U.S. history? How did the institution of slavery and its abolition affect Southern economic development? Is the current U.S. banking system better than the systems that preceded it? What caused the Great Depression? Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.

Prerequisites: ECO-101

Credit: 1

Equated Courses: HIS-245

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? Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.

Prerequisites: ECO-101

Credit: 1

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

Equated Courses: PPE-256

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

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

Equated Courses: GHL-224

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

Distribution: Behavioral Science

Equated 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:

Equated 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. This course can fulfill a requirement for the Environmental Studies minor.

Prerequisites: ECO-101

Credit: 1

Distribution: Behavioral Science,

Equated 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

Equated Courses: GHL-235

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

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: ECO-101 with a minimum grade of C-, and MAT-110 or MAT-111 with a minimum grade of C-

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 and is not available to ECO majors.

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. Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.

Prerequisites: ECO-101

Credit: 1

Distribution: Behavioral Science

ECO-287 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department Chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

ECO-288 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department Chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

ECO-291 Intermediate Microeconomic Theory

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 minimum grade of C-, and MAT-110, MAT-111, MAT-112 or MAT-223 with a minimum grade of C-

Credit: 1

Distribution: Behavioral Science

ECO-292 Intermediate Macroeconomics

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 minimum grade of C-, and MAT-110 or 111 with a minimum grade of C-

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, ECO-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 ECO-292

Credit: 1

Distribution: Behavioral Science

ECO-331 Economics 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 ECO-291

Credit: 1

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 ECO-292

Credit: 1

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, ECO-253, and ECO-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 either ECO-291 or ECO-292; MAT-223 recommended

Credit: 1

ECO-358 Topics in Political Economy

This course will focus on an important topic or few topics in political economy from a largely economic perspective. One example would be a study of the determinants of economic prosperity, focusing on the role of markets, political institutions, history, and culture. Another example would be the economics of inequality, which would develop careful empirical measures various dimensions of inequality, examine the causes and consequences (beneficial and harmful) of inequality, and consider the feasibility and desirability of measures to reduce inequality. A third potential topic would be the economics of climate change, which would describe current knowledge and uncertainty about climate change, and examine the debates over how to think about the uncertain future outcomes of current policy choices. The topics may be coordinated with 300 level PPE courses from other departments. Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.

Prerequisites: ECO-101 with a minimum grade of C- and one 200 level ECO course, or with the consent of the instructor

Credit: 1

Distribution: Behavioral Science

Equated Courses: PPE-358

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, ECO-253, and ECO-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 typically offered in the fall semester.

Prerequisites: ECO-253 with a minimum grade of C-, and ECO-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. Refer to the Course Descriptions document on the Registrar's webpage for topics and descriptions of current offerings.

Prerequisites: ECO-251, ECO-253, and ECO-292

Credits: 0.5-1

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: ECO-251, ECO-253, and ECO-292

Credit: 1

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, ECO-253, and either ECO-291 or ECO-292, and either ECO-361 or ECO-362

Credits: 0.5-1

Distribution: Behavioral Science

ECO-387 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department Chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

ECO-388 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department Chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

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, and a minimum grade of C- in ECO-253, ECO-291, and ECO-292

Credit: 1

ECO-487 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

ECO-488 Independent Study

Individual research projects. The manner of study will be determined by the student in consultation with the instructor. Students must receive written approval of their project proposal from a department chair before registering for the course.

Prerequisites: none

Credits: 0.5-1

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 and MAT-112

Credit: 1

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-111

Credit: 1

Economics Faculty

Satabdi Adhikary

Joyce Burnette (chair)

Chonghyun Christie Byun

Eric Paul Dunaway

Frank M Howland, *Sabbatical*

Peter Mikek (chair)

Sujata Saha, *Sabbatical*

Ralph W Sanders, Jr

Nicholas Arthur Snow

Accounting Instructors

Jack L. Foos

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