

# Economics

The economics major and minor are administered by the Department of Economics: Professors Christiansen, Gabriel (*chair*), Hartley, Moseley, Paus (Director of Global Initiatives), Robinson; Associate Professors Wilson (Director of Academic Development); Assistant Professors Adelman, Guldi, K. Schmeiser Visiting Professor Khan; Visiting Assistant Professor S. Schmeiser; Visiting Lecturer Johnson.

## Contact Persons

Dawn Larder, *senior administrative assistant*  
Satya Gabriel, *chair*

An economics student will acquire the necessary analytical tools to understand contemporary economic issues and to take reasoned positions in debates about economic and social policy. She will be in a position to apply these tools in a multitude of areas in her future career. Many of the world's most pressing problems—discrimination, environmental destruction, inequality, inflation, poverty, underdevelopment, unemployment—are economic in nature. Economics is concerned with the study of the causes and the possible solutions to these and other economic and social problems. Macroeconomics deals with the economy as a whole, with the forces behind economic growth, the problems occurring in the growth process (such as business cycles, inflation, and unemployment), and government policies to address these problems. Microeconomics focuses on the efficient allocation of resources among alternative uses and addresses such questions as how individuals, firms, and societies decide what to produce, how to produce, and how to distribute the output. Economists study these important issues by combining theoretical models and data analysis. The great human interest of the subject, together with the rigor of its analysis, gives the study of economics its stimulating quality.

## Requirements for the Major

### Credits

- A minimum of 32 credits in the department beyond the 100 level

### Courses

- Economics 211, Macroeconomic Theory
- Economics 212, Microeconomic Theory
- Economics 220, Introduction to Econometrics (or Economics 320, or Psychology 201, or Sociology 225, or Statistics 140, 240, 340) (*A course outside the Department of Economics does not count toward the 32-credit minimum.*)
- Three 300-level courses (*two of these must be taken at Mount Holyoke*)
- 8 additional credits at either the 200 or 300 level

Students typically begin their study of economics with Introductory Microeconomics (103) and Introductory Macroeconomics (104). These courses are the prerequisites for the required intermediate courses. Which course is taken first makes no difference.

### Other

- Majors are encouraged to undertake independent study and research projects under faculty supervision (395fs) in their senior year and to prepare for this research by taking the Junior Research Seminar (390s) in the spring of their junior year.

The objective of the core courses is to examine intensively the theoretical tools used in professional economic research. One or more of the core courses is required for each 300-level course in the department. At the intermediate level, a student can choose from a wide array of courses that apply economic theory to particular areas, drawing and building on the concepts and analytical tools developed in the introductory courses. Most 300-level courses are applied courses as well, but the level of analytical sophistication is higher, and students are expected to write

substantial analytical research papers. The applied areas offered in the department cover a wide range of subjects, including comparative economic systems, economic development, economic history, economics of corporate finance, economics of race, environmental economics, health economics, history of economic thought, industrial organization, international economics, labor economics, money and banking, and public finance.

## Requirements for the Minor

Students are encouraged to consult a faculty member for advice in planning a coherent economics minor.

### Credits

- A minimum of 16 credits at the 200 level and above with at least 4 credits at the 300 level

## Introductory Courses

Students may begin the study of economics with either one of the traditional introductory courses, Introductory Microeconomics (103) or Introductory Macroeconomics (104). Which course is taken first makes no difference. Students can also start with either of the first-year seminars: 100(01) Global Economy or 100(02) Economics of Education.

Students who are fairly certain that they want to major in economics are encouraged to take either one of the introductory macro- or microeconomics courses. Students should consult the department chair before selecting courses, if they received a 4 or 5 on one or both of the advanced placement exams in economics, took "A-levels," or took the International Baccalaureate in economics. The department offers placement exams for those students who have previously covered introductory micro- and macroeconomics.

## Course Offerings

### 100-Level Courses without Prerequisites

#### 100f Introductory Economics Topics

*Fall 2009*

##### *100f(01) Global Economy*

(First-year seminar; speaking- and writing-intensive course) This course introduces students to the economic forces that have led to ongoing integration of economies worldwide. We will examine the benefits and the costs of this centuries-long development. Topics will include increasing economic inequality on a world scale, global environmental degradation, and economic integration (e.g., NAFTA and the EU). See

<http://www.mtholyoke.edu/courses/jchristi/econ100/homepage.html> for a more detailed description. Eight film showings will provide students with visual images of the issues under discussion.

*Meets Social Sciences III-A requirement*

*J. Christiansen*

*Prereq. fy or permission of instructor; 2 meetings (75 minutes) plus one film showing (2 1/2 hours, eight weeks); 4 credits*

##### *100f(02) Economics of Education*

(First-year seminar; writing-intensive course) Why is schooling important to democracy? Through readings and discussion, this course will examine the role of formal education in expanding individuals' real capabilities for democratic engagement in capitalist society. With an emphasis on the U.S., we will analyze: myths and realities of educational opportunity; K-12 schooling and public policy; merit, money and educational opportunity; returns to education; education as a signal; the educational value of diversity; theories of achievement gaps; classic education and the liberal arts; and the potential of education to reduce, rather than increase, inequality.

*Meets Social Sciences III-A requirement*

*L. Wilson*

*Prereq. fy or permission of instructor; 4 credits*

#### 103fs Introductory Microeconomics

Studies the tools of microeconomic analysis and their applications. Supply and demand for products and for factors of production;

production functions and costs; performance of the United States economy in producing and distributing products; and international trade.

*Meets Social Sciences III-A requirement*  
*J. Hartley, S. Schmeiser*  
 4 credits

**104fs Introductory Macroeconomics**

Introduces theories of the determinants of output, employment, and inflation; the role of government expenditure and taxation; the nature and control of the money supply and alternative analyses of its influence; current policy debates; and international trade and finance.

*Meets Social Sciences III-A requirement*  
*S. Khan, S. Schmeiser*  
 4 credits

**200-Level Courses without Prerequisites**

These 200-level courses investigate a particular topic in economics at some depth without presupposing prior knowledge of economics. Many students may find one or more of these courses useful complements to majors and minors other than economics.

**201s Game Theory**

The course will illustrate and analyze the strategies used in making interrelated decisions. Concepts from game theory will be developed using examples and cases drawn from economics, business, politics, and even sports. Applications will include the Prisoner's Dilemma and related games, signaling, bargaining, voting and power, brinkmanship, and nuclear deterrence.

*Does not meet a distribution requirement*  
*M. Robinson*  
*Prereq. Not open to first-year students as their first course in economics; 4 credits*

**202s East Asian Economic Development**

This course provides an overview of economic development in East Asia. The complex interplay of public policy, global competition, and domestic economic relationships in China, Japan, and Korea will serve as the core subject matter of the course, though patterns of economic development in Indonesia, Malaysia, and Singapore will also be discussed. Special attention is given to

conditions under which regional economies have successfully blended elements of import-substituting industrialization with export-oriented growth. The course will conclude with a discussion of the impact of the regional economic crisis, the current wave of reforms, and the potential for future growth and development.

*Meets Social Sciences III-A requirement*  
*S. Gabriel*  
*Prereq. not open to first-year students as their first course in Economics; 4 credits*

**203s Environmental Economics**

Application of economic analysis to environmental issues. Topics include: relationships between growth, development, and the environment; effects of externalities on market outcomes; market and nonmarket solutions to environmental problems; cost-benefit and risk-benefit analysis; efficient and equitable use of depletable and nondepletable natural resources.

*Meets Social Sciences III-A requirement*  
*J. Christiansen*  
*Prereq. not open to first-year students as their first course in economics; 4 credits*

**206f Economics of Health Care and Health Service Organizations**

Economic aspects of health and health care in developing countries. Topics cover measuring health outcomes for welfare analysis, economic determinants of health and health care demand, health service provision and barriers to access, environmental contributors to health, the effects of conflict and forced displacement on health production, the contribution of improved health and nutrition on economic development, and considerations in designing and evaluating health care interventions.

*Meets Social Sciences III-A requirement*  
*S. Adelman*  
*Prereq. Not open to first-year students as their first course in economics; 4 credits*

**200-Level Courses with Prerequisites**

The following 200-level courses require one or two introductory economics courses as prerequisites. They include the core theory courses that are required for the major and minor, as well as several applied courses that

assume an introductory background in economics.

### 211fs Macroeconomic Theory

Intermediate macroeconomic theory. Analysis of causes of long-run economic growth and short-run business cycles. Study of the microeconomic foundations of macroeconomic models, consumption, investment, government spending, net exports, money supply, and money demand. Examination of fiscal and monetary policy and U.S. economic relations with the rest of the world.

*Meets Social Sciences III-A requirement*

*J. Hartley, J. Christiansen*

*Prereq. Economics 103 and 104 and Mathematics 101 or permission of instructor; Students who have taken the International Baccalaureate or A-Level exams in economics should consult the department before registering for the course.; 4 credits*

### 212fs Microeconomic Theory

Theoretical analysis of consumer and firm behavior, the role of prices in an economic system with various market structures, interrelationships of product and factor markets in a general equilibrium model, and the implications of the price system for resource allocation and economic welfare.

*Meets Social Sciences III-A requirement*

*K. Schmeiser, M. Guldi*

*Prereq. Economics 103 and 104 and Mathematics 101 or permission of instructor; Students who have taken the International Baccalaureate or A-Level exams in economics should consult the department before registering for the course.; 4 credits*

### 213s Economic Development: A Survey

After an intensive exposure to the concepts of economic growth, development, poverty, and inequality (including measurement issues), the major competing theoretical perspectives on economic growth, development, and underdevelopment up to the current state of the controversy in the field will be covered.

These controversies will be carried through to major topics pertaining to economic globalization such as foreign aid, international trade, debt, foreign investment, and IMF/World Bank-led structural adjustment. Poverty and the role of governments and markets are key themes of the course.

*Meets multicultural requirement; meets Social Sciences III-A requirement*

*S. Khan*

*Prereq. Economics 103 and 104; 4 credits*

### 215f Economics of Corporate Finance

An investigation of the economic foundations for investment, financing, and related decisions in corporations. Topics include capital markets and institutions; analysis of financial statements; sources and uses of funds; capital budgeting and risk; cost of capital; portfolio theory; the impact of corporate decisions on the economy. Some attention given to recent developments in the stock market, in the merger movement, and in international finance. See <http://www.finance-class.us> for a more detailed description.

*Does not meet a distribution requirement*

*S. Gabriel*

*Prereq. soph, jr, sr, Economics 103 and 104; 4 credits*

### 216s International Trade

This course investigates reasons why nations trade and factors that determine trade patterns. Using the basic tools of microeconomics, it explores theoretical explanations to these questions and considers the welfare and distributional impacts of free trade among countries. Further topics include barriers to trade, reasons for limiting trade, economic integration, and some current trade policy issues. The objective is to provide students with basic concepts and theories in international trade and to apply them to current issues in the economic and political arena.

*Meets Social Sciences III-A requirement*

*K. Schmeiser*

*Prereq. Economics 103 and 104; 4 credits*

### \*217s International Finance

A one-semester course in open-economy macroeconomics and international finance. There are two objectives for this course. First to introduce the students to basic concepts and models in international finance and second is to provide an opportunity for students to apply these concepts and models to a selection of current policy issues in international finance. The emphasis is on recent theoretical and empirical work dealing with the post-Bretton Woods international monetary system.

*Meets Social Sciences III-A requirement*  
*Prereq. Economics 103 and 104; 4 credits*

### **220fs Introduction to Econometrics**

A study of statistical methods applied to economic and social data. Measures of central tendency and dispersion, point and interval estimation, hypothesis testing, simple correlation, and simple and multiple regression analysis.

*Does not meet a distribution requirement*  
*S. Adelman*

*Prereq. Economics 103 and 104 and Mathematics 101 or permission of instructor; 4 credits*

### **295fs Independent Study**

*Does not meet a distribution requirement*  
*Prereq. soph, jr, sr, and permission of department; 1-4 credits*

## **300-Level Seminars**

The following seminars have 200-level prerequisites and are intended to provide the student with an extensive and in-depth analysis of a particular subject.

### **307s Seminar in Industrial Organization**

Analysis of theoretical models and empirical studies on the economic performance of industries. Approaches studied include transactions costs economics, game theory, and pricing models. Topics include advertising; research and development; relationships between government and business such as regulation and antitrust laws. Students will conduct and present individual research projects.

*Does not meet a distribution requirement*  
*K. Schmeiser*

*Prereq. jr, sr, Economics 212; 4 credits*

### **310f Public Finance Seminar**

Overview of the public sector and the scope of government intervention in economic life through taxation and government spending. Basic principles of taxation as well as who bears the burden of taxes and the consequences for efficiency, employment, and economic growth. Theory of public goods and externalities including an evaluation of specific programs such as the Kyoto Protocol. Economic principles of income redistribution and social insurance as well as applications to current policy areas such as health,

TANF (public assistance), unemployment insurance and Social Security.

*Does not meet a distribution requirement*  
*M. Guldi*

*Prereq. Economics 211, 212; 4 credits*

### **312f Seminar in International Trade**

Examines current events in international trade. The emphasis of this course is on current trade policy debates in the WTO agenda. It investigates topics such as the expansion of regional trade agreements, environmental and labor standards, the TRIPs agreement, agricultural protection and market access, trade in services, and electronic commerce.

*Does not meet a distribution requirement*  
*K. Schmeiser*

*Prereq. jr, sr, Economics 216; 212 recommended; alternates with Economics 313; 4 credits*

### **314f Economic Development in the Age of Globalization**

(Speaking-intensive course) This seminar will explore how debates in economic development between orthodox and heterodox economists play out in key topics in economic globalization such as foreign direct investment, capital flows, aid, trade, and migration. Also, key issues pertaining to structural adjustment programs that are designed to enhance global economic integration such as financial sector reform, privatization, trade liberalization, and exchange rate liberalization will be explored.

*Meets multicultural requirement; does not meet a distribution requirement*

*S. Khan*

*Prereq. jr, sr with Economics 211 and 212, or Econ 216 and 217 or Econ 213; 4 credits*

### **\*315f History of Economic Thought**

Study of the historical development of economics by reading the original works of the "great masters": Smith, Ricardo, Marx, Marshall, and Keynes. Also examines the influence of the social context in which these theories were developed. Provides a historical perspective on modern microeconomics and macroeconomics - how these modern theories are similar to and different from earlier theories.

*Does not meet a distribution requirement*  
*F. Moseley*

*Prereq. jr, sr, Economics 211 and 212; 4 credits*

### 320s Econometrics

A study of advanced statistical methods in quantifying economic theory. Emphasis on the practical application of regression analysis to test economic theory, especially where the assumptions underlying ordinary least squares analysis are violated. Examines several different subjects that illustrate empirical economic research.

*Does not meet a distribution requirement*  
M. Robinson

*Prereq. jr, sr, Economics 211, 212, 220; 4 credits*

### \*321f Comparative Economic Systems

A seminar course in the comparative analysis of variant types of capitalist and noncapitalist social formations and the transition of social formations from one set of prevalent characteristics to a new and radically different set. The course focuses upon economic phenomena; the role of cultural, political, and environmental processes in shaping economic differences between societies is also discussed. See <http://www.mtholyoke.edu/courses/sgabriel/321.htm> for a more detailed description.

*Meets multicultural requirement; does not meet a distribution requirement*  
S. Gabriel

*Prereq. jr, sr, Economics 211 and 212; or permission of instructor; Economics 213 recommended; 4 credits*

### 335s Advanced Corporate Finance

This course allows students who have taken Corporate Finance (Economics 215) to pursue more advanced topics in the field. Among the topics to be covered are hedging, options and derivatives, agency theory, behavioral finance, costs of financial distress, asset pricing for state-owned enterprises, and theories of corporate control and regulation.

See <http://www.mtholyoke.edu/courses/sgabriel/317.htm> for a more detailed description.

*Does not meet a distribution requirement*  
S. Gabriel

*Prereq. Economics 215 and 220; 4 credits*

### 338s Money and Banking

Monetary theory and policy. Overview of financial markets and institutions. Explores

the nature of money and the effects of changing money supply on the economy, theories of money demand, the various methods by which monetary policy can be conducted and the advantages and disadvantages of each, methods of banking regulation and the attendant problems that arise, and important episodes in monetary history (e.g., the Great Depression).

*Does not meet a distribution requirement*  
J. Hartley

*Prereq. jr, sr, Economics 211; Mathematics 101 recommended; 4 credits*

### 349f Advanced Topics in Economics

*Fall 2009*

#### 349f(01) Economics of Cyberspace

Explores the impact of the Internet on finance, commodity and labor markets, intellectual property rights, provision of government services and tax/fee collections, and a wide range of other economic activities. We investigate whether cyberspace and related technologies represent the inauguration of a new epoch, with implications for the creation of new economic (and social) relationships and requiring new economic theories. We also examine the continuing struggle between governments and Internet-related or supporting businesses and individuals over regulation of cyberspace and examine the possibility that governments may short-circuit some of the beneficial aspects of cyberspace.

S. Gabriel

*Prereq. Economics 211 and 212; 4 credits*

#### 349f(02) Economic Development in the Age of Globalization: Corporate Governance

This seminar course studies the theory and practice of corporate governance. Topics include the legal and regulatory environment in which corporations operate, agency theory, executive compensation, the board of directors, debt covenants, corporate control, and stakeholder rights. We will analyze and evaluate current events in corporate governance using the tools discussed in class.

S. Schmeiser

*Prereq. jr, sr with Economics 211 and 212; 4 credits*

**390s Junior Research Seminar**

This seminar is designed to prepare students to do independent research in economics. It is meant especially, but not exclusively, for students who are considering writing a thesis in economics during their senior year. The course is a study of how to do research in economics. The topics include how to find a suitable research topic, how to find literature and data relating to the topic, how to read professional economic work, how to work with theoretical economic models, and how to devise and evaluate empirical tests of a hypothesis. Course graded on a credit/no credit basis.

*Does not meet a distribution requirement*

*M. Robinson*

*Prereq. jr; 2 credits*

**391f Senior Thesis Seminar**

This seminar is organized around students who are writing honors theses. It is meant to provide a group context for the thesis-writing process, where students present their research at various stages, critique each other's work, and discuss similarities and differences in the analytical processes they are working through. Course graded on a credit/no credit basis.

*Does not meet a distribution requirement*

*J. Hartley*

*Prereq. sr; 2 credits*

**395fs Independent Study**

Each student carries out a research project of her own choice under close faculty supervision and submits a documented paper on her findings.

*Does not meet a distribution requirement*

*The department*

*Prereq. jr, sr, Economics 211 and 212, and permission of instructor; 1-8 credits*

**Independent Research**

We strongly encourage students to pursue independent research under Economics 295 or 395. These courses, which are offered for a variable number of credits, provide opportunities for many different kinds of independent projects. Both 295 and 395 typically encompass a small research project, possibly in conjunction with faculty research.

Juniors who may be interested in writing a thesis during their senior year are urged to enroll in Economics 390 in the spring semester of their junior year. Economics 390 is a 2-credit seminar that focuses on research methods in economics.

A student works individually on her thesis, usually over a two-semester period, by registering for Economics 395 (4 credits in each semester) for a total of 8 credits. Each thesis is supervised by a committee of two faculty members, one of whom serves as the primary advisor.

Students pursuing a thesis should also enroll in Economics 391, a 2-credit seminar, in the fall of their senior year. In Economics 391, students present their research at various stages, critique each other's work, and discuss similarities and differences in their analytical processes.

A one-semester 395 project may not be counted toward the three courses required for the major at the 300 level. For a two-semester 395 project, culminating in a thesis, the second semester may count toward this requirement.

**Accounting****105s Financial Accounting**

The Department of Economics does not offer a business major. However, we do offer an accounting course that will be of interest to students interested in business. The accounting course does not serve as an introduction to economics or as a part of the major.

The course, while using traditional accounting techniques and methodology, will focus on the needs of external users of financial information. The emphasis is on learning how to read, interpret, and analyze financial information as a tool to guide investment decisions. Concepts rather than procedures are stressed and class time will be largely devoted to problem solutions and case discussions. A basic knowledge of arithmetic (+, -, \*, /) and a familiarity with a spreadsheet program is suggested. See <http://www.mtholyoke.edu/courses/cljohnso>.

*Does not meet a distribution requirement*

*C. Johnson*

*Prereq. Not open to first-year students; 4 credits*