

## Faculty

Galina An  
Assistant Professor

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Professor Emeritus

Jay Corrigan  
Assistant Professor

Bruce L. Gensemer  
Professor Emeritus

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Himmelright Professor (on leave)

James P. Keeler  
Professor

Kathy J. Krynski  
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Personal fulfillment and effective citizenship require some understanding of the principles of human interaction in society. Economics is the scientific study of choosing how best to use technology and limited resources so as to maximize individual or social welfare. Through its analysis of behavior, economics can add much to our understanding of vital public-policy issues. A grasp of the principles of economics enables students to analyze problems such as inflation, unemployment, economic growth, pollution, monopoly power, consumer exploitation, race and gender discrimination, strikes, urban blight, and international trade.

Economics can also be defined by its methods of analysis. In seeking to understand and predict social behavior, economists build, test, and revise models. Economics students learn to work with models of the behavior of consumers, producers, factor suppliers, and government. They study the markets in which these economic agents interact. This technique for understanding the experience of men and women in society differs sharply from the literary and intuitive methods of the humanities and fine arts.

Economics is a highly integrated discipline in which most economists work simultaneously with theory, analytical models, data, quantitative research methods, and public-policy issues. Each economics course at Kenyon introduces all of these elements, in varying mixes. The common thread among the courses is reliance on models that explain and predict human behavior. Economics courses at Kenyon are designed to help students develop the ability to think in a rigorous, analytical fashion and to develop communication skills. This emphasis places economics at the heart of liberal-arts education.

## New Students

ECON 101 (Principles of Microeconomics and Public Policy) and ECON 102 (Principles of Macroeconomics and International Trade) are the complementary set of foundation courses in economics. Both are

lecture and discussion courses with between twenty and thirty students in each section. The introductory courses survey theories of producer and consumer behavior and show how these theories can be used to predict the consequences of individual, business, and government actions. Current public-policy issues are also studied. Different instructors teach sections of these courses using different teaching styles. All sections, however, feature several essay examinations each semester, and in most sections there are also homework assignments or quizzes and a paper. In addition to a common major text, most sections also introduce readings about current issues. These courses are an excellent introduction to economics for those who plan no further work in the discipline, but they are also the foundation and prerequisites for all upper-level courses and the first courses in the economics major.

When should one enroll in ECON 101 and ECON 102? Even though ECON 101 and 102 are challenging introductory courses, most first-year students who take these courses perform well. Those students who are most successful in the principles courses have a strong general preparation for college, reasonably good study habits, and academic motivation to keep up with reading and homework assignments every week.

There are significant advantages in taking ECON 101 and ECON 102 as a first-year student. The courses prepare one to take virtually any other economics course starting in the sophomore year. Students who are seriously considering an economics major often find this early start helpful.

Can economics majors participate in off-campus study in the junior year? Yes, but those who plan to major in economics and study off campus should seriously consider enrolling in ECON 101 and 102 as first-year students and ECON 201 and 202 (intermediate economic theory) as second-year students to provide a sound base for off-campus study.

## Requirements for the Major

Successful completion of ECON 101 and ECON 102 with a grade of at least C in each is a prerequisite for admission to the major program. A minimum of 3.5 additional units, for a total of 4.5 units within the department, is required, including ECON 201 and 202, a semester of seminar, and a course in quantitative methods. This last requirement may be satisfied by either ECON 205 (Empirical Economics) or ECON 375 (Introduction to Econometrics), both of which have a prerequisite of a college introductory statistics course.

## The Senior Exercise

The Senior Exercise involves a systematic effort to understand social behavior using economic principles. The exercise will allow majors to gain an appreciation of the integrity of economics as a discipline. Majors must answer two essay questions. Students typically receive the questions in early December, and their answers are due at the end of the first week of classes for the spring semester. There is also a standardized written examination and an oral examination conducted by the economics faculty members for each student who completes the written portion of the exercise.

## Honors

The Honors program in economics provides an opportunity for more independent research and study than is available in regular courses of study. Honors candidates are required to participate in both the junior and senior honors seminars, and in ECON 375 (Introduction to Econometrics). In the honors seminars, students present and discuss with their peers the results of their research. Those interested in the Honors program should discuss this possibility with a member of the department.

## First-Semester Courses

### Principles of Microeconomics and Public Policy

◆ QR ECON 101 (.5 unit)  
Staff

This course studies issues of economic choice, economic efficiency, and social welfare. The course presents theories of consumer and producer behavior and shows how these theories can be used to predict the consequences of individual, business, and government actions. Topics covered include opportunity cost, supply and demand analysis, and price controls; consumer choice; production and cost; product pricing, market structure, monopoly power, and government regulation; and energy problems, resource conservation, and pollution. This course is required of students who major in economics.

### Principles of Macroeconomics and International Trade

◆ QR ECON 102 (.5 unit)  
Staff

This course studies national economic performance. Building upon the microeconomic theories of consumer and producer behavior developed in ECON 101, the course introduces models that focus on the questions of unemployment, inflation, and growth. Topics covered include measurement of national income and inflation, macroeconomic models, saving and investment, money and banking, fiscal and monetary policy, and international trade and finance. This course is required of students who major in economics. Prerequisite: ECON 101.

### Microeconomic Theory

QR ECON 201 (.5 unit)  
Krynski

Microeconomics is an intensive study of the fundamental logic of economic behavior primarily within the context of a market economy. The course develops a systematic analysis of consumer and producer behavior, linked together through the principles of exchange and market structure. The resulting explanation of product

prices and factor rewards is used to evaluate and analyze economic efficiency and the distribution of welfare under alternative economic policies and conditions. Prerequisites: ECON 101 and ECON 102.

### Portfolio Allocation and Asset Pricing

QR ECON 337 (.5 unit)  
Melick

This course examines the optimal allocation of an individual's wealth among risky financial assets and the related question of the pricing of these risky assets. After a consideration of various measures of risk and return, modern portfolio theory is used to derive the capital asset pricing model. The empirical performance of the capital asset pricing model will be analyzed, and alternative asset pricing models will be discussed. Throughout the course, equity shares will be used as a particular application. (The pricing of fixed income assets is left to ECON 343 Money and Financial Markets.) The remainder of the course is spent on derivative assets—most importantly, futures and options. Time permitting, options will be treated in some detail, concluding with a discussion of the Black-Scholes option pricing model. While completing assignments, students will make fairly heavy use of a spreadsheet program such as Excel. Prerequisites: ECON 101 and ECON 102, or permission of the instructor. Recommended: MATH 106.

### International Trade

QR ECON 338 (.5 unit)  
An

This course focuses on the basics of international trade—theories of international trade, the instruments of trade policies, their impact on welfare and employment, factor movements, and economic integration. While emphasis is placed on developing and empirically testing theories, we also discuss major trade related issues such as the economic effects of globalization, the role of the World Trade Organization, labor and immigration issues, foreign direct investment, and outsourcing. Prerequisites: ECON

101 and ECON 102, or permission of the instructor.

### **Money and Financial Markets**

QR ECON 343 (.5 unit)  
Staff

This course examines U.S. money and financial markets and their interaction with and influence on prices, real output, and employment. After an extensive discussion of fixed income pricing and the term structure, the class will consider the operations of financial institutions and the Federal Reserve System. The implementation of monetary policy and its effect on domestic macroeconomic outcomes will also be examined. In addition, alternative domestic monetary arrangements will be considered. While completing assignments, students will make fairly heavy use of a spreadsheet program such as Excel. Prerequisites: ECON 101 and ECON 102, or permission of the instructor.

### **Business Cycles**

QR ECON 355 (.5 unit)  
Keeler

This course explores the patterns of change of the national economy, through business cycle expansions and recessions, and their effects on employment and income. Data on U.S. and worldwide economies will be analyzed to identify regular behavior that characterizes a macroeconomic business cycle. Economic theories will be offered that specify different initial causes of the cycle, both endogenous causes and outside influences such as government policy or technological change. The course will consider government policy to manage the cycle. The Great Depression of the 1920s and 30s will be considered as an extreme example. Recent and current cycles will be considered to understand their causes and characteristics. Prerequisites: ECON 101 and ECON 102, or permission of the instructor.

### **Introduction to Econometrics**

QR ECON 375 (.5 unit)  
Melick

This seminar studies the empirical testing of economic models. Emphasis will be given to linear regres-

sion techniques, special problems associated with estimating economic relationships, and interpretation of the results. Each student will complete a research paper and present the findings to the class. Prerequisites: a semester of college statistics, ECON 101 and ECON 102, or permission of the instructor. Enrollment limited.

### **Junior Honors Seminar**

QR ECON 397 (.5 unit)  
Krynski, Treber

This seminar is for juniors who are candidates for honors in economics. Students undertake a series of research projects, write papers, and discuss the results of their research with fellow students. Prerequisites: junior standing and permission of instructor.

### **Senior Honors Seminar**

QR ECON 497  
Krynski, Treber

This seminar is for seniors who are candidates for honors in economics. Students undertake a series of research projects, write papers, and discuss the results of their research with fellow students. Prerequisites: Junior Honors Seminar, senior standing, and permission of instructor.

## **Second-Semester Courses**

### **Principles of Microeconomics and Public Policy**

◆ QR ECON 101 (.5 unit)  
Corrigan

See first-semester course description

### **Principles of Macroeconomics and International Trade**

◆ QR ECON 102 (.5 unit)  
Staff

See first-semester course description

### **Macroeconomic Theory**

QR ECON 202 (.5 unit)  
Melick

This course is a theoretical and applied study of the level of national income and employment. The performance of the economy, in terms of prices, interest rates, unemployment rates, international trade relations, business cycles, and the long-run growth of income, has significant

effects on our standards of living. The course offers explanations of macroeconomic performance in these aspects. Diverse schools of thought exist, distinguished by theoretical concepts, priorities in performance goals, and empirical evidence. The course considers these approaches and also emphasizes the microeconomic foundations of macroeconomic theory. Government is active in the management of both domestic and international aspects of the macroeconomy, and the course considers current public-policy issues. Prerequisites: ECON 101, ECON 102, and ECON 201, or permission of the instructor.

### **Empirical Economics**

QR ECON 205  
Treber

Students learn how to express economic concepts in quantitative terms, perform basic statistical measures and tests of hypotheses using a spreadsheet program, and interpret quantitative presentations of information. Students learn how the economics literature presents research by studying examples from journal articles. Students also study the choice of appropriate methods for analyzing empirical economic research questions. Topics include the scientific method, applications of statistical concepts in economics, measurement of economic concepts, and the use of mathematical models, graphs, and data sources. Prerequisites: ECON 101, ECON 102, and a college course in statistics, or permission of the instructor. Enrollment limited.

### **International Finance and Open-Economy Macroeconomics**

QR ECON 339 (.5 unit)  
Staff

This course examines the determination of national incomes, price levels, interest rates, and exchange rates using open-economy macroeconomic models. The course begins with an intensive study of balance of payments accounting and the foreign exchange market, followed by a consideration of the law of one price,

purchasing power parity, and uncovered and covered interest parity. The second half of the course will be spent deriving several open-economy macroeconomic models and using these models to discuss important international financial policy issues. These discussions will highlight the interaction of domestic policymakers with important international financial institutions such as the International Monetary Fund, the World Bank, and the Bank for International Settlements. Prerequisites: ECON 101 and ECON 102, or permission of the instructor.

### **Industrial Organization**

**QR** ECON 346 (.5 unit)  
Treber

This course provides an introduction to industrial organization, a field that focuses on how firms, interacting through markets, attempt to exploit opportunities for profit. Models of imperfect competition are examined, emphasizing the strategic behavior of the interacting firms. Topics include game theory, strategic deterrence, pricing models, product differentiation, advertising, and network effects. Prerequisites: ECON 101 and ECON 102, or permission of the instructor.

### **Introduction to Econometrics**

**QR** ECON 375 (.5 unit)  
Keeler

See first-semester course description

### **Economics of Women and Work**

**QR** ECON 378 (.5 unit)  
Krynski

This seminar examines the role of women in the labor market and how that role has changed over time. This examination involves a comparison of women and men with respect to labor supply (for both market and nonmarket work), wage rates, occupational choices, and unemployment levels. The seminar evaluates different economic models that attempt to explain these differences between labor market outcomes for men and women. Finally, the seminar examines some public policy proposals that are aimed at remedying gender differ-

ences in work opportunities and pay. Each student will write and present a seminar paper. Prerequisites: ECON 101 and ECON 102, or permission of the instructor. Enrollment limited.

### **Capstone Seminar in Public Policy**

ECON 440 (.5 unit)  
John Elliot, Professor of Political Science;  
Corrigan

This seminar brings together a political scientist and an economist to consider how these disciplines approach the study of public policy. The course will concentrate on applying both of the disciplines to the study of a selection of public policies ranging from poverty to budget deficits or globalization. We will explore the substantive issues and the process of governmental policy-making in specific policy domains. How is policy made? What should the policy be? The work of scholars in each discipline will be studied to better understand the differences in approaches and to consider the potential for combining them. What does political science contribute to the study of economic policy-making? What can the tools and perspective of economics contribute to the study of a topic like welfare reform or global warming? This seminar is required for students completing the Public Policy Concentration, and it is open to other seniors. Prerequisites: ECON 101, ECON 102, and one course in American politics, or permission of instructors. Enrollment limited. Note: this course is cross-listed as PSCI 440.

## **The following courses may be offered in 2008-09:**

ECON 101 Principles of Microeconomics and Public Policy  
ECON 102 Principles of Macroeconomics and International Trade  
ECON 201 Microeconomic Theory  
ECON 202 Macroeconomic Theory  
ECON 205 Empirical Economics  
ECON 331 Economics of Development

ECON 335 Economics of Immigration  
ECON 336 Environmental Economics  
ECON 337 Portfolio Allocation and Asset Pricing  
ECON 338 International Trade  
ECON 339 International Finance and Open Economy Macroeconomics  
ECON 342 Economics of Regulation  
ECON 343 Money and Financial Markets  
ECON 344 Labor Economics  
ECON 345 Economic Analysis of Politics and Law  
ECON 346 Industrial Organization  
ECON 347 Economics of the Public Sector  
ECON 355 Business Cycles  
ECON 358 Health Economics  
ECON 372 Macroeconomic Policy  
ECON 375 Introduction to Econometrics  
ECON 378 Women and Work  
ECON 383 American Economic History  
ECON 397 Junior Honors  
ECON 440 Senior Seminar in Public Policy  
ECON 497 Senior Honors