

# The Economics Major

Economics is the science of how human societies satisfy their material needs and wants with limited material resources. It is the science of scarcity, of individual incentives, of costs and benefits, of unintended consequences, of social coordination by the free-market's invisible hand and the government's deliberate policymaking. It is a positive science: it aims at the comprehension of sound insights and truthful data about economic behavior. It is also a normative science: it aims at the principled use of these insights and data for the making of economic decisions as individuals, businesses, and governments. Students who major in Economics at Ave Maria University learn to appreciate and understand the breadth, power, and limitations of Economics as an academic discipline.

Economics makes abundant use of rigorous logic, mathematics, and statistics and it interacts with ethics, culture, and politics. Drawing on Catholic social teaching, Economics at Ave Maria University sees the economy as a means for the fulfillment of the human person and emphasizes human dignity, solidarity, and subsidiarity. We seek to contribute to earthly progress and "the better ordering of human society, [as] it is of vital concern to the Kingdom of God" (*Gaudium et Spes*, 39).

Economics majors come to appreciate the breadth of economics as an academic discipline, to see its relation to the other disciplines, and to understand the many aspects of human experience to which the insights of the economist are relevant. Drawing from the Western intellectual tradition, from Revelation, and from the collective wisdom of the profession, Economics at Ave Maria University offers students a better understanding of social reality and a means to improve it.

The Economics major exemplifies the dialogue between faith and reason by integrating Catholic social teaching with the rigor and intellectual honesty of the science of economics. A challenging and rewarding program, the Economics major contributes to the cultivation of intellectual and moral virtues and it serves society by seeking the truth about economic behavior.

There is a significant demand for university graduates with a general training in economics. The importance of economics is recognized in business and government as well as in college and university teaching. Economics majors use their talents in educational and financial institutions, in government agencies, and in the corporate sector. A degree in economics is an excellent preparation for graduate study in law, business administration, public administration, public policy, and advanced economics.

## Economics

### **The Concentration in Business Economics**

The courses in the Concentration in Business Economics focus on the economic environment in which businesses operate. To qualify for this Concentration, students must take at least three of the following courses, which count as well as electives for the major in Economics: ECON 321, 332, 342, 421, 433, 442. ECON 415 may count for the Concentration at the discretion of the department chair. For information on the Certificate in Business, please see the Special Academic Programs section after the descriptions of the major programs offered by Ave Maria University.

### **The Minor in Economics**

A minor in economics can be easily combined with any other major in the University and it provides an excellent foundation for careful and ethical thinking about social and business problems. The Minor in Economics consists in six courses. The required courses are ECON 201, ECON 202, and ECON 315. For the three electives, students can choose any other three economics courses.

#### **Required Major Courses**

ECON 201 Principles of Macroeconomics  
ECON 202 Principles of Microeconomics  
ECON 301 Intermediate Macroeconomics  
ECON 302 Intermediate Microeconomics  
ECON 303 Statistics for the Social Sciences  
ECON 315 Catholic Social Teaching

#### **Elective Major Courses (four required)**

ECON 310 History of Economic Thought  
ECON 316 Market, State, and Institutions  
ECON 320 The Economics and Ethics of Development  
ECON 321 International Economics  
ECON 342 Banking, Money and Finance  
ECON 403 Introduction to Econometrics  
ECON 415 Special Topics in Economics  
ECON 421 Seminar: International Monetary Economics  
ECON 430 Labor Economics and the Economics of Poverty  
ECON 432 Strategic Thinking and Game Theory  
ECON 433 Seminar: Industrial Organization and Public Policy  
ECON 442 Seminar: Forecasting Macroeconomic Fluctuations

#### **The Concentration in Business Economics (three required, which count as electives for the Major)**

ECON 321 International Economics  
ECON 332 Strategic Thinking and Game Theory  
ECON 342 Banking, Money and Finance  
ECON 421 Seminar: International Monetary Economics  
ECON 442 Seminar: Forecasting Macroeconomic Fluctuations

## Course Descriptions

### ECON 201 PRINCIPLES OF MACROECONOMICS

This basic course in the economics of nations and the world addresses aggregate demand and supply analysis; the determination of national income and the price level; the determinants of economic growth; saving and investment, foreign exchange, and international capital flows. Economic policy making by the government is mainly concerned with low inflation and high employment: consequently, the course will include a critical examination, in the light of different schools of economic thought, of the role of government in price and income stability. Prerequisite: MATH 150 Functions.

### ECON 202 PRINCIPLES OF MICROECONOMICS

The course will study how, within a market system, individuals and firms use factors of production to satisfy economic needs, emphasizing that the economy is a means and not an end. The course will study the behavior of individuals and firms and market coordination and adjustment by focusing on consumer demand, theories of production and cost, pricing and output under competitive and non-competitive conditions, and factor usage and pricing. The basics of general equilibrium analysis, international trade, the economics of government, natural resource economics, and policies to increase efficiency and diminish inequality and poverty may also be included. Prerequisite: MATH 150 Functions.

### ECON 301 INTERMEDIATE MACROECONOMICS

This course deepens the analysis of ECON 201, continuing to examine macroeconomic theories of the determination of national income, employment, the price level, interest rates, exchange rates, and economic growth. It includes a study of the trade-off between the economic goals of low unemployment and low inflation, of monetary and fiscal policy to achieve them, and of the policy positions of various schools of thought. It gives importance to international macroeconomics, to the role of technology in growth, and to issues of economic policymaking. Employs standard analytic tools. Prerequisite: ECON 201, MATH 151 Calculus I.

### ECON 302 INTERMEDIATE MICROECONOMICS

Deepens the analysis of ECON 202. We will deepen the focus on contemporary theories of consumer and firm behavior, prices, and resource allocation. Examines firm behavior for several market structures, with a critical evaluation of the economic means used to achieve the ends of efficiency and equity. Prerequisite: ECON 202, MATH 151 Calc I.

### ECON 303 STATISTICS FOR THE SOCIAL SCIENCES

Self-contained introduction to statistics with economic applications. Elements of probability theory, sampling theory, statistical estimation, regression analysis, and hypothesis testing. Elementary econometrics and other applications of statistical tools to economic data. Prerequisite: MATH 150 Functions.

### ECON 310 HISTORY OF ECONOMIC THOUGHT

A look at Economics throughout history: from Mercantilism and Physiocracy to contemporary (mainstream and non-mainstream) views. Includes texts of writers such as Smith, Marx, Pope Leo XIII, Marshall, Veblen, Fisher, Keynes, Friedman, Hayek, Galbraith, John Paul II, as well as other 20th century economists. On the understanding that the economy is a means and not an end, particular emphasis is placed on the theories of value, production, and distribution. The course relies on a mixture of primary texts and secondary sources.

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### ECON 315 CATHOLIC SOCIAL TEACHING

A study of the interrelation of ethics, and economics, focusing on the key principles of Catholic social teaching on the economy. The course examines closely the major papal encyclicals as the major premises of the course and it compares it to thinking on ethics by economists. Texts of other writers are included: Augustine, Aquinas, Fanfani, Novak, and others. Magisterial teaching and the theoretical work of these authors will be applied to historical and contemporary economic issues.

### ECON 316 MARKETS, STATE, AND INSTITUTIONS

This course studies various ways of organizing an economy and making economic policy through the writings of economists and social philosophers. Most economists have considered alternatives from complete laissez faire to total government control, through a mixed economy with varying degrees of government intervention. A major emphasis of this course is studying and going beyond the market/state dichotomy and introducing intermediate organizations as key to the functioning of a healthy economic society. Texts from pro-free market, pro-state intervention, and pro-subsidiarity thinkers (such as Locke, Friedman, Hayek, Marx, Keynes, Okun, Galbraith, North, Putnam or Schumacher) are included.

### ECON 320 THE ECONOMICS AND ETHICS OF DEVELOPMENT

Economic problems of developing countries in Latin America, Asia, and Africa examined in terms of their causes, consequences and possible solutions. In the context of developing countries, we will study: institutions, historical lessons and theories; poverty and inequality; urban-rural migration; education, agriculture, and the environment; trade, finance, and the balance of payments; the role of the State. Integrated with an analysis of the ethics of development (for example, in regards to the meaning of development, industrialization and technology, globalization, state intervention versus privatization, etc.), focusing on the goals of development and the strategic principles of development ethics, such as participation, solidarity, and subsidiarity. Prerequisites: ECON 201, 202. Recommended: ECON 301, 302.

### ECON 321 INTERNATIONAL ECONOMICS

This course covers the institutions, theory and policy of international trade (comparative advantage and the factor endowments explanation of trade, analysis of the theory and practice of commercial policy), of international macroeconomics (how countries interact with one another in the determination of output, interest rates, and exchange rates) and international finance (capital flows between countries and exchange rates). The course will emphasize the evolution of the world economic system since 1945 and current policy problems of developing countries. Prerequisites: ECON 201, 202.

### ECON 342 BANKING, MONEY AND FINANCE

Nature of money, debt, and credit; financial markets and institutions; Central Banking and the conduct of monetary policy; relations between money and economic activity. Focused on an asset demand, equilibrium, supply and demand in financial markets, profit maximization, transaction costs and asymmetric information, and aggregate demand and supply. Prerequisites: ECON 201, 202.

### ECON 403 INTRODUCTION TO ECONOMETRICS

Introduction to econometric models and techniques, emphasizing regression. This course provides an introduction to econometrics for students who have completed a course in introductory statistics (including estimation and hypothesis testing based on sample data and simple least squares regression). It aims to provide a solid practical basis in the subject and to enable students to be able to understand and interpret results published

by applied economists in books and journals and also to undertake empirical work of their own. The course will place more stress on understanding and properly applying methods than on formal derivations and proofs. Advanced topics include instrumental variables, panel data methods, measurement error, and limited dependent variable models. Prerequisites: ECON 301, 302, 303.

#### ECON 415 SPECIAL TOPICS IN ECONOMICS

Topics vary from year to year at the discretion of the faculty. They may include:

American Economic History;  
Economic History of Latin America; and  
Law and Economics.

#### ECON 421 SEMINAR: INTERNATIONAL MONETARY ECONOMICS

An introduction to international macroeconomics (which focuses on how countries interact with one another in the determination of output, interest rates, and exchange rates) and international finance (which focuses on capital flows between countries and exchange rates). The course will emphasize the evolution of the world monetary system since 1945 and current macro-policy problems of developing countries. Topics include macroeconomics of the open economy under fixed and flexible exchange rate (in the short and long runs), currency unions, currency crises, and dollarization. Includes a major paper, a presentation, and a comprehensive exam on economics. Prerequisite: ECON 301. Pre- or co-requisite: 36 credits in Economics.

#### ECON 430 LABOR ECONOMICS AND THE ECONOMICS OF POVERTY

Theory and evidence concerning the functioning of the labor market. Particular emphasis on the roles played by government and institutions. Topics include minimum wages, labor market effects of social insurance and welfare programs, the collective bargaining relationship, discrimination, human capital, and unemployment. Also examines the role of technology, class, gender, race, and law through a historical discussion. The economics of poverty are analyzed through an examination of the extent and causes of poverty, mainly in the United States. The current system of government programs to combat poverty is analyzed. Economic studies integrated with insights from other social sciences. Prerequisite: ECON 201, 202. Pre- or co-requisite: 302.

#### ECON 432 STRATEGIC THINKING AND GAME THEORY

The course develops student's ability to understand and anticipate strategic interaction by focusing on the lessons and methods of game theory. Game theory has become an important tool for business managers and policy makers for analyzing and implementing tactical and strategic actions. Topics will focus on conflict situations, managerial, labor and industrial organization. Students will be actively encouraged to model strategic interaction from real-life circumstances, examples from history, and even fiction. ECO 433 draws on similar topics as this course. Prerequisite: ECON 201, 202.

#### ECON 433 SEMINAR: INDUSTRIAL ORGANIZATION AND PUBLIC POLICY

This is a course in industrial organization, the study of firms in markets. Industrial organization focuses on firm behavior in imperfectly competitive markets, which appear to be far more common than the perfectly competitive markets that are the focus of a basic microeconomics course. This field analyzes the acquisition and use of market power firms, strategic interactions among firms, and the role of government competition policy. The course will approach this subject from both theoretical and applied perspectives. Includes a major paper, a presentation, and a comprehensive exam on economics. Prerequisite: ECON 302. Pre- or co-requisite: 36 credits in Economics. ECON 332 is recommended.

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### ECON 442 SEMINAR: FORECASTING MACROECONOMIC FLUCTUATIONS

This course provides a thorough working knowledge of both theories and policy implications of business cycles as well as with the basics of business cycle forecasting. The Keynesian model; New Classical, microfounded business cycle models; and New Keynesian models. Fiscal and monetary policies. The plausibility of various models, both in theory and in practice; effectiveness of various policies; and political considerations. Uses US and international case studies. Standard Business Cycle analysis: stylized facts of business cycles, indices of leading indicators; GDP and price indices; business cycle indicators and the term structure of interest rates; international indicators. Logarithms and expectations operators, basic calculus, basic econometrics. Computer skills: using Excel, Matlab, and Stata or Eviews. Includes a major paper, a presentation, and a comprehensive exam on economics. Prerequisite: ECON 301. Pre- or co-requisite: 36 credits in Economics.

# Typical Plan—Economics Major

## Freshman Year

<u>Fall Semester</u>	<u>Credits</u>	<u>Spring Semester</u>	<u>Credits</u>
MATH 151 Calculus I	4	THEO 105 Sacred Scripture	4
LITR 103 Literary Tradition I	4	LITR 104 Literary Tradition II	4
HIST 101 Western Civ I	4	HIST 102 Western Civ II	4
LATN 101 or 103 Elem Latin	4	LATN 102 or 104 Inter Latin	4
MUSC 101 Gregorian Chant*	0		
Total	16	Total	16

\*may be taken in the Fall or Spring semester.

## Sophomore Year

<u>Fall Semester</u>	<u>Credits</u>	<u>Spring Semester</u>	<u>Credits</u>
PHIL 205 Nature and Person	4	PHIL 206 Ethics	4
THEO 205 Sacred Doctrine	4	HIST/POLT 203 Amer Civ	4
Science I with Lab	4	Science II with Lab	4
ECON 201 Princ Macroecon	4	ECON 202 Princ Microecon	4
Second Arts Practicum*	0		0
Total	16	Total	16

\*may be taken in the Fall or Spring semester.

## Junior Year

<u>Fall Semester</u>	<u>Credits</u>	<u>Spring Semester</u>	<u>Credits</u>
ECON 301 Inter Macroecon	4	ECON 302 Inter Microecon	4
ECON 315 Cath. Soc. Teaching	4	ECON 303 Stats for Soc Sci	4
General Elective	4	General Elective	4
General Elective	4	General Elective	4
Total	16	Total	16

## Senior Year

<u>Fall Semester</u>	<u>Credits</u>	<u>Spring Semester</u>	<u>Credits</u>
Economics Elective	4	Economics Elective	4
Economics Elective	4	Economics Elective: Seminar	4
General Elective	4	THEO 400 Living in Christ	4
General Elective	4	PHIL 400 Phil Perspectives	4
Total	16	Total	16