ECONOMICS

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Economics is a social science concerned with the creation, consumption, and transfer of wealth, studying problems caused by scarcity and how individuals, institutions, and societies may deal with these problems. Economics shares common interests with business-oriented disciplines, such as finance and business administration. Students gain critical thinking and analytical skills, along with quantitative skills, such as calculus and statistics. These skills are used to derive economic principles useful in forming policies or models designed to solve economic problems.

The basic theoretical and statistical tools of economics are applied to virtually every field of human endeavor. Major fields of study within economics include Behavioral Economics, Economic Development, Econometrics, Economic History, Financial Economics, Industrial Organization, International Economics, Labor Economics, Macroeconomics, Mathematical Economics, Political Economics, Public Economics, Economic Theory, and Urban Economics. Economics can provide insights in areas as diverse as how workers should be rewarded, how government should conduct fiscal and monetary policy, and how health care markets work.

Microeconomics: concerned with understanding how individual persons and firms make choices. From a basic grounding in microeconomic theory, one can describe and predict the responses of consumers and firms to economic conditions and extrapolate from these individual choices to understand aggregate supply, demand, and price determination.

Macroeconomics: a higher-level perspective on the economy, focusing on national production, national income, and the overall level of employment of productive resources such as labor and capital. Benefits of this perspective are better understanding of country growth, monetary policy, and international trade.

Econometrics: grounded in classical statistics, provides tools for estimating all aspects of economic phenomena, including labor supply, supply and demand, and business cycles. Econometrics is used to test hypotheses about the world that are developed from economic theory. Econometric estimates can be used to forecast future conditions, aiding individuals, businesses, and governments in making decisions.

Economics students gain a variety of analytical skills through the Economics major, providing a broad range of career and graduate school opportunities. Sectors where our graduates work include for-profit and non-profit business organizations, all levels of government, and education. Examples of some of the industries our graduates have gone on to include banking and finance, marketing, insurance, and consulting.

The Economics Department offers the following Undergraduate Curriculum:

BALAS in Economics

• Provides a strong foundation of economics, statistics, and calculus, and requires supporting coursework outside the major selected based on the student’s interest and future goals, and approved by the Department.

• Students may take economics courses within a variety of areas, or focus on a specific area of interest, including Behavioral, Financial, Political, International, Public, and many more.

• Prepares students for a broad assortment of positions, including consulting, banking, finance, and many other areas in the public, private, or non-profit sector. Also prepares students for various graduate programs within fields of Finance, Statistics, Accounting, Business, Economics, and others.

Economics Minor (tracks: Microeconomics, Macroeconomics, and Econometrics)

• Enables students not majoring in economics to conduct comprehensive study within the discipline of economics.

• The Minor enables students to become knowledgeable in one of the three core fields of economics: microeconomics, macroeconomics, or econometrics. Students will take a set of core economics courses and then choose one of the fields above for their elective courses.

For the Degree of Bachelor of Arts in Liberal Arts and Sciences

Major in Economics

E-mail: econug@illinois.edu

Minimum required major and supporting course work normally equates to 55-56 hours including a minimum of 30 hours of economics courses excluding ECON 199, ECON 220, ECON 398, and ECON 399.

General education: Students must complete the Campus General Education (https://courses.illinois.edu) requirements including the campus general education language requirement.

Twelve hours of 300- or 400-level courses in the major must be taken on this campus.

A Major Plan of Study Form must be completed and submitted to the LAS Student Affairs Office before the end of the fifth semester (60-75 hours). Please see your adviser.

Minimum hours required for graduation: 120 hours

Departmental distinction: A student must have a grade point average of at least 3.25 overall and at least 3.5 in economics; complete a research project (e.g., complete ECON 399); and be recommended by the faculty research adviser.

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<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Hours</th>
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<tbody>
<tr>
<td>ECON 102</td>
<td>Microeconomic Principles</td>
<td>30</td>
</tr>
<tr>
<td>ECON 103</td>
<td>Macroeconomic Principles</td>
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<tr>
<td>ECON 198</td>
<td>Economics at Illinois</td>
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<tr>
<td>ECON 202</td>
<td>Economic Statistics I</td>
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<td>ECON 203</td>
<td>Economic Statistics II</td>
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<tr>
<td>ECON 302</td>
<td>Inter Microeconomic Theory</td>
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<td>ECON 303</td>
<td>Inter Macroeconomic Theory</td>
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11 additional hours of economics at the 300- or 400-level

Information listed in this catalog is current as of 05/2018
Minor in Economics

The minor in economics, administered by the Department of Economics, is designed to provide students who are not majoring in economics with a basic foundation in economic analysis. The minor offers training in economic theory through the intermediate level, instruction in quantitative methods of econometrics, and opportunity for advanced work in a student’s particular area of interest following the microeconomic, macroeconomic, or econometric track. Students completing the minor in economics will enhance their major field of study and prepare them for a career in their chosen field and/or for graduate advanced work in a student’s particular area of interest following the microeconomic, macroeconomic, or econometric track. Students completing the minor in economics will enhance their major field of study and prepare them for a career in their chosen field and/or for graduate studies in a variety of fields. The minor consists of 18-21 hours within economics. Students must complete the requisite mathematics and economics courses with the required grade/GPA in order to apply. Interested students should work with the Economics Undergraduate Studies Office. Students must choose from the Microeconomics, Macroeconomics, or Econometrics Track.

Prerequisite to applying for the Economics Minor:

Microeconomics and Macroeconomics tracks:

- MATH 220-Calculus or MATH 221-Calculus I with a grade of C or higher. MATH 234 can substitute for MATH 220 or MATH 221, with a grade of C or higher. Discuss your intended plan with the Department of Economics Advising Office to ensure MATH 234 will prepare you for advanced Economics coursework.
- Econ 102 and Econ 202 with a 2.33 or higher Illinois Economics GPA. Either Econ 102 or Econ 202 must be taken on campus (please see an Economics Academic Advisor if you have completed these courses off-campus or have other credit).

Econometrics track:

- MATH 220-Calculus or MATH 221-Calculus I with a grade of C or higher.
- MATH 225 with a grade of C or higher.
- Econ 102 and Econ 202 with a 2.33 or higher Illinois Economics GPA. Either Econ 102 or Econ 202 must be taken on campus (please see an Economics Academic Advisor if you have completed these courses off-campus or have other credit).

For further information, please visit the Economics undergraduate program page (http://www.economics.illinois.edu/undergrad/info).

Supporting course work: 18 hours of courses outside economics but related to the student’s major interest in economics (see www.economics.illinois.edu/programs/undergrad (http://www.economics.illinois.edu/programs/undergrad) for details).

Excluding ECON 398 and ECON 399.

Courses

ECON 101 Introduction to Economics credit: 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/101)
General survey of the operation of the economic system; emphasizes the determination of the level of national income, the pricing and allocation of products, and factors of production under existing conditions in the United States. This is an honors course limited to students currently enrolled in the Chancellor’s Scholar Program. Credit is not given for ECON 101 if credit has been earned in both ECON 102 and ECON 103. This course satisfies the General Education Criteria for: Social Beh Sci - Soc Sci

ECON 102 Microeconomic Principles credit: 3 Hours. (https://courses.illinois.edu/schedule/terms/ECON/102)
Introduction to the functions of individual decision-makers, both consumers and producers, within the larger economic system. Primary emphasis on the nature and functions of product markets, the theory of the firm under varying conditions of competition and monopoly, and the role of government in prompting efficiency in the economy. Credit is not given for ECON 102 and ACE 100. This course satisfies the General Education Criteria for: Social Beh Sci - Soc Sci

ECON 103 Macroeconomic Principles credit: 3 Hours. (https://courses.illinois.edu/schedule/terms/ECON/103)
Introduction to the theory of determination of total or aggregate income, employment, output, price levels, and the role of money in the economy. Primary emphasis on monetary and fiscal policy, inflation, unemployment, economic growth, and international economics. This course satisfies the General Education Criteria for: Social Beh Sci - Soc Sci

ECON 198 Economics at Illinois credit: 1 Hour. (https://courses.illinois.edu/schedule/terms/ECON/198)
An introductory course intended to help students explore the various fields of economics. Presents brief introductions to various faculty members within the Department of Economics at Illinois and an overview of their respective fields. Enrollment limited to undergraduate Economics majors only. Approved for S/U grading only.
Introduction of basic concepts in statistics including the presentation of data, descriptive statistics, probability theory, discrete and continuous distributions, sampling distributions, estimation, and hypothesis testing. The approach of the class includes both learning the concepts behind basic statistics and also how to apply these concepts in "real-life" situations. Utilizes a practical project format. To complete the Business Statistics sequence, students must also complete ECON 203. Credit is not given for ECON 202 if credit for a college-level introductory statistics course such as PSYC 235, SOC 280, or STAT 100 has been earned. Prerequisite: Credit or registration in one of MATH 220, MATH 221, MATH 234.

This course satisfies the General Education Criteria for:
- Quantitative Reasoning I
- Economic Statistics I

Continuation of ECON 202. Builds upon point and interval estimation as well as hypothesis testing skills first introduced in ECON 202. Utilizes a practical project format to extend the student skill set to include simple and multiple linear regression and time series techniques. Students will: Understand the relevance of statistics in their future course-work and professions; Be trained to identify the proper statistical technique to apply to a problem; Be adept at finding the answers to statistical queries using excel; Be able to properly interpret the results of their analysis. Students must have completed a course on probability and statistical analysis before taking ECON 203. The best course to meet this requirement is ECON 202 at the University of Illinois. Prerequisite: ECON 202; one of MATH 220, MATH 221, or MATH 234.

Same as ACE 210, ENV S 210, NRES 210, and UP 210. See ACE 210. This course satisfies the General Education Criteria for:
- Social Beh Sci - Soc Sci

Principles-level course in international economics for non-majors. The first half of course, international trade, covers such topics as comparative advantage, protectionism (tariff and nontariff), impact on income distribution, and industrial policies. The second half, international finance, covers topics such as balance of payments, exchange-rate determination, currency crises, dollarization, and macroeconomic policy in an open economy. Issues relating to globalization will be covered in both halves. Prerequisite: ECON 101, or ECON 102 (or ACE 100) and ECON 103. Credit in ECON 220 is not applicable toward graduation in the Economics Major.

Microeconomic analysis including value and distribution theory; analysis of the pricing of the factors of production integrated in a micro-general equilibrium context which builds towards explaining the resource allocation process. Prerequisite: ECON 102 or equivalent. MATH 220, MATH 221, MATH 234 or equivalent.
ECON 417 Cost-Benefit Analysis  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/417)
Analyzes changes in welfare in various market settings such as monopolistic and perfectly competitive markets. Students will develop the skills to account for uncertainty when weighing the costs and benefits of a project or policy, as well as its potential distributional effects. Also examines the strategies used by governments to select from alternative policies, and how assets are purchased or sold in order to implement the policy. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 302; MATH 220 or MATH 221 or other Calculus course are required. ECON 203 is recommended.

ECON 418 Health Economics  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/418)
Introduction to the economics of the health care system. Analyzes the supply of and demand for health care, building upon models of consumer, producer, and insurer behavior. Covers public policy, including regulation and provision of services to the poor and elderly. Emphasizes empirical evidence on these topics. 3 undergraduate hours. 4 graduate hours. Credit is not given for ECON 482 and ECON 418. Prerequisite: ECON 202; ECON 302; MATH 220 or MATH 221 or other calculus course are required.

ECON 420 International Economics  credit: 2 to 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/420)
Introduction to the theory of international trade and finance with selected application to current problems of trade policy, balance of payments adjustment, the international monetary system, and globalization issues. 3 undergraduate hours. 2 or 4 graduate hours. Prerequisite: ECON 302 or equivalent, or consent of instructor; ECON 303 is recommended.

ECON 425 Macroeconomic Policy  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/425)
Analyzes current macroeconomic policy issues, problems, and techniques; discusses various policy techniques including monetary, fiscal, incomes, and exchange rate policies, and their effectiveness for treating inflation, unemployment, productivity, resource and exchange rate problems. May emphasize current issues in developed economies or in emerging market economies. 3 undergraduate hours. 4 graduate hours. Credit is not given for ECON 462 and ECON 425. Prerequisite: ECON 203; ECON 302; ECON 303; MATH 220 or MATH 221 are required. MATH 231 is recommended. Prior exposure to financial markets is encouraged.

ECON 426 Monetary Economics and Policy  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/426)
Study of a variety of topics on money, banking, and financial markets. In particular, provides an introduction to money and its role in the economy, the bond market and interest rates, the stock market and other financial assets, exchange rates, banks and regulation of the banking industry, the money supply process and monetary policy. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 303; MATH 231 are required. ECON 302 is recommended; Prior exposure to financial markets is also encouraged.

ECON 437 Game Theory  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/437)
Explores game theory and strategic decision making. Game theory is the study of strategic interaction where one person’s actions affect the actions of others. Introduces students to the tools for modeling and solving problems with strategic interaction. Will cover topics such as Nash equilibrium, dominance, voting, bargaining, auction, adverse selection, each of which have broad applications in economics, politics, psychology, and everyday life. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 302; MATH 220/MATH 221 are required. ECON 203; MATH 231 are recommended.

ECON 440 Economics of Labor Markets  credit: 2 to 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/440)
Studies the microeconomic determinants of labor demand and supply, economic effects of unions, and macroeconomic labor market problems. Same as LER 440. 3 undergraduate hours. 2 or 4 graduate hours. Prerequisite: ECON 302 or equivalent.

ECON 442 Women in the Economy  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/442)
Applies economic models of the labor market and household organization to a wide range of important topics, including marriage, fertility, discrimination, and family policies to better understand both personal life choices and public policy problems. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 302; MATH 220 or 221 or other Calculus course are required.

ECON 447 Economics of the Workplace  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/447)
Application of economic theory to the relationship between workers and firms in the workplace. We will apply important economic concepts and models to issues including recruitment, personnel selection, employee training, managing turnover, job design, performance evaluation, and incentive compensation. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 302; MATH 220/MATH 221 or other Calculus course.

ECON 448 Employee Compensation and Incentives  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/448)
Employee compensation is a critical tool for organizations to attract, retain, and motivate its employees. Students will be introduced to major principles in compensation design and will examine the incentives embedded in various compensation systems. The topics include forms of pay, incentive theory, pay structure, pay-for-performance, and employee benefits. 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 202; ECON 302; MATH 220/MATH 221 or other Calculus course.

ECON 450 Development Economics  credit: 2 to 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/450)
Analyzes the economic problems associated with newly developing nations; emphasizes their economic structures, their factor scarcities, and their programs for development. Not open for graduate credit to graduate candidates in economics. 3 undergraduate hours. 2 or 4 graduate hours. Graduate credit is not given for both ECON 450 and ECON 550 or ECON 551. Prerequisite: ECON 102 and ECON 103 or equivalent. ECON 302 strongly recommended.

ECON 451 Program Evaluation in Developing Economies  credit: 3 or 4 Hours. (https://courses.illinois.edu/schedule/terms/ECON/451)
Advanced economics course on microeconomic issues in developing countries with particular attention to empirical analyses and methodologies to address fundamental theoretical and policy relevant questions. Focus is on topics within health and education, although papers may cover other topics. An original empirical research paper is required, applying ideas and concepts covered in class. Class alternates between lectures (discussing new ideas or concepts and assigned readings) and lab (applying concepts to actual data using Stata). 3 undergraduate hours. 4 graduate hours. Prerequisite: ECON 203 and ECON 302 or equivalents; for undergraduate students only: Completion of campus Composition I general education requirement. Junior Standing Required. Priority registration provided to Economics Majors. This course satisfies the General Education Criteria for: Advanced Composition
ECON 452  The Latin American Economies  credit: 2 to 4 Hours.  
(Focuses on the economic history of the region, the recent industrialization process and its impact, the role of the state and foreign capital, the impact of the recent privatization processes, inflation and stabilization policies, and issues surrounding the distribution of income.  
Same as ECON 452.  3 undergraduate hours.  2 or 4 graduate hours.  
Prerequisite: ECON 102 or ECON 103.  ECON 302 or ECON 303 strongly recommended.

ECON 453  Economies of the Middle East and North Africa  credit: 3 or 4 Hours.  
(Study of the business and economic conditions in the Middle East and North Africa (MENA). Students are expected to expand their knowledge of microeconomic, macroeconomics, and economic development theories and to apply them to concrete cases in the MENA region.  
3 undergraduate hours.  4 graduate hours.  Prerequisite: ECON 202; ECON 302; MATH 220/MATH 221 or other Calculus course.

ECON 460  Financial Economics  credit: 3 or 4 Hours.  
(Study of a variety of financial economics topics. Introduces basic financial products (stocks, bonds, futures, options, and other derivatives), asset pricing theory including capital asset pricing model (CAPM), arbitrage pricing theory (APT), financial institutions and the organization of financial markets, and some topics on financial crisis and monetary policy.  
3 undergraduate hours.  4 graduate hours.  Prerequisite: ECON 202; ECON 302; MATH 220/MATH 221 or other Calculus course.

ECON 469  Economics of Risk  credit: 3 or 4 Hours.  
(Exploration of economic decisions under uncertainty. Includes expected utility theory and non-expected utility theory; applications to individual decision problems in investment and insurance; general equilibrium in markets under uncertainty, including problems generated by asymmetric information; measurement of risk; the value of information obtained before a decision.  
3 or 4 undergraduate hours.  3 or 4 graduate hours.  Prerequisite: ECON 302 or equivalent; one of MATH 220 or MATH 221 or equivalent.

ECON 471  Intro to Applied Econometrics  credit: 2 to 4 Hours.  
(Introduction to specification, estimation, prediction and evaluation of econometric models, emphasizing the interplay between statistical theory and economic applications.  
3 undergraduate hours.  2 or 4 graduate hours.  Prerequisite: ECON 203 or equivalent; ECON 302 or ECON 303.

ECON 472  Financial Econometrics  credit: 3 or 4 Hours.  
(Examines the econometric modeling applied to empirical and computational finance. Explains the empirical properties of financial data as well as the statistical models behind these stylized facts from the data. Explains the statistics and time series concepts that will be useful to understand financial market dynamics, and investigates some popular econometric models and estimation methods.  
3 undergraduate hours.  4 graduate hours.  Prerequisite: ECON 203; ECON 302; MATH 220/MATH 221 are required.  MATH 231; ECON 471 are recommended.

ECON 474  Econometrics of Policy Evaluation  credit: 3 or 4 Hours.  
(Develops the basic tools to understand and use modern econometric methods for estimating and making inference of causal effects. The topics include randomized experiments, natural experiments, matching methods, instrumental variables, and regression discontinuity. Focuses on topics which are relevant for policy problems.  
3 undergraduate hours.  4 graduate hours.  Prerequisite: ECON 203; ECON 302; MATH 220/MATH 221 are required.  MATH 231; ECON 471 are recommended.

ECON 475  Economic Forecasting  credit: 3 or 4 Hours.  
(Overview of modern, quantitative, statistical and econometric methods for forecasting and evaluating forecasts. Topics include linear regressions; modeling and forecasting trends and seasonality; characterizing and forecasting cycles; MA, AR, and ARMA models; forecasting with regressions; evaluating and combining forecasts. Advanced topics include unit roots, stochastic trends, ARIMA models, and smoothing will be covered as time permits.  
3 undergraduate hours.  4 graduate hours.  Prerequisite: ECON 203; ECON 302; MATH 220/MATH 221 are required.  MATH 231 is recommended.

ECON 480  Industrial Comp and Monopoly  credit: 2 to 4 Hours.  
(Analyzes the ways firms and markets are organized, how they interact, outcomes of various types of firm behavior and performance of markets, and causes and types of market failure. Particular emphasis on the contribution of game theory as the equilibrium concept in oligopoly settings.  
3 undergraduate hours.  2 or 4 graduate hours.  Prerequisite: ECON 302.

ECON 481  Govt Reg of Economic Activity  credit: 2 to 4 Hours.  
(Analysis of economic bases, policies, and consequences of government regulation of economic activity. Reasons for government intervention in market behavior, methods of government intervention, and outcomes are studied.  
3 undergraduate hours.  2 or 4 graduate hours.  Prerequisite: ECON 302 or consent of instructor.

ECON 483  Econ of Innovation and Tech  credit: 2 to 4 Hours.  
(Examines the economic factors shaping innovation and technical change since the industrial revolution with emphasis on the economic relationship between science and technology and the role of government in technical change.  
3 undergraduate hours.  2 or 4 graduate hours.  Prerequisite: ECON 102 or equivalent; ECON 302 or consent of instructor.

ECON 484  Law and Economics  credit: 2 to 4 Hours.  
(Applications of economic theory to problems and issues in both civil and criminal law and the effect of legal rules on the allocation of resources; includes property rights, liability and negligence assignment, the use of administrative and common law to mitigate market failure, and the logic of private versus public law enforcement.  
3 undergraduate hours.  2 or 4 graduate hours.  Prerequisite: ECON 302 or equivalent.

ECON 490  Topics in Economics  credit: 3 or 4 Hours.  
(Special topics in advanced economics within a variety of areas. See course schedule for topics.  
3 undergraduate hours.  4 graduate hours.  May be repeated in the same or separate terms to a maximum of 9 undergraduate hours or 8 graduate hours if topics vary. Prerequisite: ECON 202; ECON 302 or ECON 303; MATH 220 or MATH 221 or other Calculus course. Some topics may require additional prerequisites, read the section text for each topic.

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