Course Number and Title: ECON/FIN 343. Capital Theory

Faculty Member(s) Proposing Course: Dr. Dennis Muraoka

Indicate which of the following categories would be satisfied by this course by marking an “X” on the appropriate lines. Courses may be placed in up to two GE categories as appropriate. Upper Division Interdisciplinary GE courses may be placed in two categories plus the UDIGE category.

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Lab Included? No

Please provide a brief explanation of how the proposed course meets each of the criteria for the selected General Education categories.

ECON 343, Capital Theory, is proposed as a Category D, upper division GE course.

The course meets the requirements of Category D general education course by introducing and applying fundamental microeconomic concepts. In particular, students learn to define and solve economic optimization problems. Economic optimization problems are found in a broad range of human experiences including those of the consumer, business decision-maker, investor, politician, bureaucrat, student, and manager.

The course is also proposed as an interdisciplinary course as it integrates significant content, ideas, and ways of knowing from economics and finance. Economics is the social science that addresses the allocation of scarce resources. In this course, the model of individual economic decision-making is introduced and applied. This model is called economic optimization and includes the techniques of marginalist decision-making. Finance is the professional, business discipline that addresses the management of financial assets. ECON 343 introduces students to the model of financial management and its applications. The model relies upon techniques from the mathematics of finance including compounding and discounting.

Following the introduction of the foundation tools from economics and finance, these tools are applied to problems involving intertemporal choice (decision-making across time or when time is a choice variable) and uncertainty (decision-making when the
outcomes of decisions are uncertain). A broad range of problems are analyzed including those addressed by business (for example, capital budgeting and optimal timing problems) and individuals (for example, wealth accumulation and modern portfolio theory).

The course requires significant written work. Assignments include a term paper in which students address the decision to attend graduate school as an investment in human capital. Quizzes and examinations vary in format and include short answer and essay questions.