Economics of Air Transportation  
EC2166F-001 

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E-mail: ntkahner@uwo.ca  
Office Hours: Tuesday 1:00-3:00pm  

Class Sessions: Tuesday, 7-10pm, SSC-3026  
Course website: https://owl.uwo.ca  

Undergraduate inquiries: 519-661-3507 SSC Room 4075 or econ-undergrad@uwo.ca  

Registration  
You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at https://studentservices.uwo.ca/secure/index.cfm. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite Note  
The prerequisite(s) for this course is (are) Economics 1021A/B and 1022A/B, or Economics 1020 or 2001A/B.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Objectives:

The purpose of this course is to introduce students to the economic foundations of the air transportation industry on both a national and international level. Microeconomic theory will be developed within the context of the aviation industry including supply, demand, and cost and production analysis. This theory will be used to investigate topics including market structure; firm structure and business models; aviation infrastructure; public policy and regulation; dynamic pricing policy and revenue management.
Course Learning Outcomes:

Students will learn to identify key determinants of supply and demand in the context of air transportation and interpret how these factors affect the coordination of markets.

Students will learn to distinguish between economies of scale, scope and density and explain how various industry cost structures shape management decision rules and firm structure in the aviation industry.

Students will learn to compare industry pricing strategies and interpret how these strategies are influenced by market structure, elasticity of demand, and forecasting methods.

Students will learn to apply revenue management techniques to determine optimal pricing strategies for different fare classes.

Students will learn to analyze government regulation and policies and interpret how such policies may affect market equilibrium, aviation safety, and industry sustainability.

Suggested Text:


Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation, Proposal, Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Essay</td>
<td>30%</td>
</tr>
<tr>
<td>Midterm Examination</td>
<td>25%</td>
</tr>
<tr>
<td>Final Examination</td>
<td>35%</td>
</tr>
</tbody>
</table>

1. **Participation, Proposal, Quizzes (10%)**
   This component is intended to encourage participation and student engagement. It consists of multiple items including, but not necessarily limited to, in class quizzes, exit surveys and an essay proposal. Guidelines for this component will be discussed in class and made available on the course website in due course.

2. **Essay (30%)**
   The essay component consists of a polished research paper, 12-15 pages (2500-3000 words) in length. Students are given the option of selecting their own research topic or choosing from a topic suggested by the Instructor. The grade on this component will be based on both content and on quality of the student’s writing (organization, grammar, and style). Only essays that demonstrate outstanding quality in both content and writing style will be awarded a grade of A.

   Essays that are not submitted by the agreed upon due date will be assessed an immediate 25% point grade reduction with a further deduction of 20% for each subsequent day that the essay is late. No essay will be accepted after 3 days beyond the original due date.

3. **Midterm Examination (25%)**
   An in-class midterm exam is scheduled for October 14, 2014 and may be comprised of calculations, short answer, multiple choice, true/false, essay questions, or a combination thereof, on material
covered up to and including the last class prior to the exam. The structure of the exam will be discussed further in class as the date approaches. All Department and University policies regarding missed exams and necessary documentation apply. Please see attached Policy Regarding Makeup Tests and Final Examinations.

4. Final Examination (40%)
The final examination will occur during the regular final exam period and will be scheduled by the registrar. This exam will assess students’ ability to meet the learning outcomes of the course and will be based on all concepts learned during the course with more weight being assigned to material covered after the midterm examination. All Department and University policies regarding missed exams and necessary documentation apply. Please see attached Policy Regarding Makeup Tests and Final Examinations.

Each exam will be scheduled for 2 hours and will be a closed book examination. Dictionaries and translators are NOT allowed into the examinations. Only non-programmable calculators will be allowed into the exams. Students are responsible for material covered in the lectures as well as the assigned material in the text. Exams will not be returned to students but may be reviewed in the instructor’s office.

EMAIL POLICIES

The following policies apply to all emails between students and the Instructor. Please respect the fact that the Instructor receives hundreds of emails from students and must deal with those emails in a fair and organized manner. Non-acceptable emails will receive a reply saying only “Please see Email Policies on the course outline”. You are responsible for ensuring that sufficient space is available in your e-mail account to accept new e-mails.

1. UWO Email Addresses Only
For privacy reasons, students must use their Western email accounts to contact the Instructor. The Instructor will not respond to emails from non-uwo.ca addresses (e.g. hotmail.com, gmail.com, etc.).

2. Subject Line MUST include Course and Section number
The subject line of emails must contain the name or number of the course, and the section number in which the student is enrolled. The Instructor teaches different courses and sections and cannot properly respond to questions if he does not know which course or section you are enrolled in.

3. Acceptable Emails
   • questions about the course content or materials
   • asking to set up an appointment to ask questions or review an exam
   • notification of illness or other special circumstances
   • providing constructive comments or feedback about the course

4. Unacceptable Emails
   • questions that may be answered on OWL or on this course outline
   • asking when grades will be posted
   • asking what grade a student received
   • asking where or when an exam is scheduled or the material covered on an exam, requests for grade increases, extra assignments, or reweighting of course components
## Tentative Timetable for EC 2166G Section 001

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
<th>Reading</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>9-Sep</td>
<td>Introduction &amp; Principles of Economics</td>
<td>VFT 1,2</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>16-Sep</td>
<td>Industry overview- Open Skies &amp; Global Alliances</td>
<td>VFT 7</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>23-Sep</td>
<td>Fundamentals of Supply and Demand, Essay discussion</td>
<td>VFT 3</td>
<td></td>
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<tr>
<td>4</td>
<td>30-Sep</td>
<td>Cost &amp; Production Analysis</td>
<td>VFT 4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>7-Oct</td>
<td>Low Cost &amp; Start-up Airlines, Exam review</td>
<td>VFT 12</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>14-Oct</td>
<td>Midterm Examination (In Class- location TBA)</td>
<td>Midterm</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>21-Oct</td>
<td>Market Structure &amp; Essay Discussion</td>
<td>VFT 8,9</td>
<td>Essay proposal due</td>
</tr>
<tr>
<td>8</td>
<td>28-Oct</td>
<td>Market Structure</td>
<td>VFT 8,9</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>4-Nov</td>
<td>Pricing Strategy &amp; Revenue Management</td>
<td>VFT 11</td>
<td></td>
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<tr>
<td>10</td>
<td>11-Nov</td>
<td>Pricing Strategy &amp; Revenue Management</td>
<td>VFT 11</td>
<td></td>
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<tr>
<td>11</td>
<td>18-Nov</td>
<td>Aviation Infrastructure: Operations &amp; Ownership</td>
<td>VFT 5</td>
<td></td>
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<tr>
<td>12</td>
<td>25-Nov</td>
<td>The Economics of Aviation &amp; Safety</td>
<td>VFT 13</td>
<td>Essay Due</td>
</tr>
<tr>
<td>13</td>
<td>2-Dec</td>
<td>Exam Review</td>
<td></td>
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</tbody>
</table>

*This table represents the tentative plan for this class and will be continuously revised as the term progresses. Please make sure to check the course website for updates.*
Please Note  
Department Policies for 2014 – 2015

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at http://westerncalendar.uwo.ca.


3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.

4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at http://westerncalendar.uwo.ca/2014/pg113.html).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.

6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (http://westerncalendar.uwo.ca/2014/pg112.html). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at (http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals).
7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is not grounds for an appeal.

8. Note the following add and drop deadlines:

   Last day to **add** a full course or First term half course:  
   **Friday, September 12th, 2014**

   Last day to **drop** second term half course without academic penalty:  
   **Wednesday, November 5th, 2014**

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

   **Policy Regarding Makeup Tests and Final Examinations**

   *Academic Accommodation will not be granted automatically on request. You must demonstrate by documentation that there are compelling medical or compassionate grounds before academic accommodation will be considered.*

   If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is not permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

   If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

   Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your home Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

   For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If
you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counselor. If your documentation is judged sufficient, the academic counselor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your home Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counseling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science’s policies regarding academic accommodation is found on its website at http://counselling.ssc.uwo.ca/procedures/havingproblems.asp or in Social Science Room 2105. Your “Academic Rights and Responsibilities” are also outlined in the current UWO Calendar at http://westerncalendar.uwo.ca/2014/pg111.html. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

Statement on Mental Health and Support Services

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit http://www.uwo.ca/uwocom/mentalhealth/ for more information and a complete list of resources, as well as how to obtain help.
Alumni Essay Prizes in Economics

The following criteria will be used, and each prize is valued at $550:

1. Students can only win the prize once.

2. Two prizes may be awarded at the end of the Academic term. One for a student registered in a 2100 level course (A or B) and one for a student registered in a 2200 (A or B) or higher level course. Economics 4400E is not eligible for this as it has its own paper prize.

3. Instructors will nominate students for the prize. The paper should be submitted to the Undergraduate Coordinator for consideration by the Essay Prize Committee, which will decide the winner.

4. The Essay Prize Committee will consist of the Undergraduate Program Director, WUER Faculty Advisor and one other faculty member. The decision of the Committee is final and cannot be appealed.

5. Papers will be judged on content, originality, use of references, spelling and grammar.

The grade given to the paper will not influence the decision of the Essay Prize Committee as all comments by the original marker will be removed.

The deadlines for submissions are:

   Fall courses: December 19th
   Winter courses: April 30th

The winner of the essay prize will have his/her paper submitted in the spring to the Western Undergraduate Economics Review. Other appropriate papers may also be submitted.
The University of Western Ontario  
Department of Economics

Guidelines for Essay Courses

Essay Courses

An essay course is defined as a course in which the cumulative amount of written work, excluding written work in examinations, is normally at least 2,500 words (for a half course).

In order to pass an essay course the student must exhibit some minimal level of competence in essay writing as well as the appropriate level of knowledge of the content of the course.

English Language Proficiency for Assignment of Grades

Students must demonstrate the ability to write clearly and correctly. Written work on any subject that shows a lack of proficiency in English and is unacceptable for academic credit will be failed or, at the discretion of the instructor, returned to the student for revision to an acceptable literate level.

To foster competence in the use of the English language within their disciplines, all instructors will take proficiency in English into account in the assignment of grades. Note that this policy applies to all courses, not only essay courses.

Recycling of Assignments

Students are prohibited from handing in the same essay or paper for two different courses. This would be considered a scholastic offence and subject to academic penalties, including but not limited to the possibility of zero on that particular assignment.

Plagiarism

Plagiarism is defined as: “The act or an instance of copying or stealing another’s words or ideas and attributing them as one’s own.”

The concept of plagiarism applies to ALL assignments and their component parts, including essays, reports, diagrams, statistical tables, and computer projects.

Below are examples of some common mistakes that constitute acts of plagiarism. It is plagiarism if you:

- Submit someone else’s work as your own
- Buy a paper from a paper mill, website or other source and submit it as your own work
- Copy sentences, phrases, paragraphs, or ideas from someone else’s work, published or unpublished, without giving the original author credit
- Replace selected words from a passage and use it as your own without giving the original author credit
- Copy any type of multimedia (graphics, audio, video, internet streams), computer programs, music compositions, graphs, or charts from someone else’s work without giving the original author credit
- Piece together phrases, ideas and sentences from a variety of sources to write an essay without giving the original authors credit
- Build on someone else’s ideas or phrases to write your paper without giving the original author credit

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1 From the UWO Academic Handbook. See http://www.uwo.ca/univsec/pdf/academic_policies/registration_progression_grad/coursenumbering.pdf

2 From the UWO Academic Handbook. See http://www.uwo.ca/univsec/pdf/academic_policies/exam/english.pdf


4 From the San José State University Plagiarism Tutorial [http://tutorials.sjslibrary.org/tutorial/plagiarism/](http://tutorials.sjslibrary.org/tutorial/plagiarism/)
Plagiarism is a serious scholastic offence. Possible consequences of plagiarism include a mark of 0% on the assignment, a mark of 0% for the entire course, and expulsion from the university.

Purchasing an essay is a form of plagiarism and a very serious offence. The UWO Academic Calendar indicates that the penalty can be as severe as expulsion from the university.

Instructors may require students to submit their written work electronically to http://www.turnitin.com. Turnitin.com is a service that assists instructors and students in detecting and avoiding plagiarism.

Students wishing more guidance on how to avoid plagiarism or in doubt about whether their work constitutes plagiarism should consult their instructor. Claiming that you did not know you have plagiarized is not an acceptable excuse.

The key to avoiding plagiarism is to correctly and fully cite references for the sources you use in your work. The next section provides a summary of style guidelines for citing references.

Referencing and Citation Guidelines

If you use the work or ideas of others in your work, you must acknowledge the contributions of the original authors and provide citations and references to their work. (See plagiarism above.)


Economics papers typically use the author-date style of references. A detailed explanation of the author-date style and numerous examples of citations for print and electronic sources are available in chapters 14 and 15 of the Chicago Manual of Style Online. See also the handy “Chicago-Style Citation Quick Guide” under Tools on the homepage.

Below are some examples. In the body of an essay, citations give the last names of the authors of the piece you are referencing, the year of publication, and, where relevant, page numbers. These in-text citations refer the reader to more complete bibliographic references given in a list of references at the end of the essay. If your paper cites multiple works by the same author(s) with the same publication year, the convention is to add a lower case letter after the date in both the in-text citation and the References, e.g., 1993a and 1993b. This way, the in-text citation points the reader to the correct work in the References.

Examples of in-text citations:

Diamond (1981, 1982) and Mortensen (1982a, 1982b) find these externalities can cause an inefficient level of search activity…

The “new view of unemployment” which emerged during the 1970s emphasized the importance of turnover in the labour force and the brief duration of many employments spells (Hall 1970, 1972; Perry 1972; Marston 1976).

The primary objectives of the LMAS are “1. To provide measures of the dynamic…the Labour Force Survey” (Statistics Canada 1990, 5).

The bibliography or list of references at the end of the essay gives full information about each source cited. In addition to a bibliography, you should also provide adequate referencing of any data sources. This should be done in a data appendix following the text of the paper and before the bibliography.

Examples of the author-date style in a bibliography or list of references for some commonly used materials follow. Notice that when a reference has multiple authors, the format for additional authors is Firstname Lastname.

(i) BOOKS:

Lastname, Firstname. Copyright year. Title of Book. Place of Publication: Publisher’s Name.

(ii) JOURNAL ARTICLES OR ARTICLES IN A BANK REVIEW:


(iii) GOVERNMENT PUBLICATIONS:

Government Agency, Bureau or Department. Year. Title. Catalogue or issue number or additional information (where applicable).


(iv) NEWSPAPERS:

Lastname, Firstname. Year. “Title.” Name of Newspaper Month day. Note that the page number should be given in the in-text citation, for example, (Sicular and Hartford 1989, 14).


(v) CHAPTERS IN EDITED BOOKS OR CONFERENCE VOLUMES:

Lastname, Firstname. Year. “Title.” In Title of Book/Volume, edited by Firstname Lastname, page range. Place of Publication: Publisher’s Name.


(vi) ONLINE BOOKS:

Lastname, Firstname. Year. Title. Place of Publication: Publisher. url/web address (access date).


(vii) ONLINE JOURNAL ARTICLES:

Lastname, Firstname. Year. “Title.” Journal Volume: pages or article number. url/web address (access date).


(viii) INTERNET SITES:

Name of Website or Organization. url/web address (access date).

Writing an Economics Essay: Starting Points

The best place to start a written economics assignment is by reviewing your instructor’s description of and instructions about the assignment. If you have questions about the assignment, you should ask your instructor.

A good way to learn how economists write is to read work written by economists. Examples of economic writing can be found in the course outline, economics journals, working papers series, and other economic publications. Your instructor may be able to suggest good examples of published work or provide examples of good student work from past years.

Two books that provide useful advice on how to write for economics are:


Writing an Economics Essay: Resources

An excellent place to start looking for information and ideas is the Resources Link on the Department of Economics website (http://economics.uwo.ca/resources/index.html). Here you will find a comprehensive list of sources for published and unpublished economic papers, articles, books, theses, government publications, data, and so on.

The DB Weldon Library has an outstanding collection of materials in economics including bibliographies, indexes, handbooks, and periodicals. Library holdings, the online library catalogue, and other resources are available electronically from the Western Libraries Homepage http://www.lib.uwo.ca/. Access is available anywhere there is an internet connection using the OffCampus Proxy Server on the Library main page.

You are strongly encouraged to take a library orientation tour to learn about library resources, where things are located physically and online, and where to go for assistance. You should feel free to consult library staff if you have any questions or are having difficulty using the library.

The New Palgrave Dictionary of Economics is a good place to begin exploring topics in economics. The most comprehensive dictionary of economics in existence today, it features articles by influential economists in their areas of expertise. It is available online through the library catalogue, or in print in the Weldon’s Reference section (call # HB 61.N49 2008 v. 1-8).

EconLit (Economic Literature) is a comprehensive, indexed electronic bibliography of economic literature from 1969 to the present covering major journals, articles in collective volumes (essays, proceedings, etc.), books, book reviews, dissertations, and working papers. Citations, selected abstracts, and links to UWO’s full-text resources are provided. EconLit is available through the Library catalogue, or from the Library’s list of Databases found under “Research” on the Library homepage http://www.lib.uwo.ca/.

You can download and print records from the EconLit database. Once you have successfully marked records of interest, download your marked records to a text file, send marked records by email, or export them to a citation manager such as Refworks.

Refworks is a bibliographic and citation software tool that can be used to construct citations and lists of references in the author-date and other styles. Refworks is available at http://refworks.scholarsportal.info/Refworks/login.asp?WNCLang=false.

CANSIM (Canadian Socio-economic Information Management System) is Statistics Canada's computerized database of time series data covering a wide variety of social and economic aspects of Canadian life. Access the database by doing a Title Search on the Western Libraries Catalogue, or from the Library’s list of Databases found under “Research” on the Library homepage http://www.lib.uwo.ca/.

Western Undergraduate Economics Review (WUER)

The Department of Economics encourages students to consider submitting their essays to the Western Undergraduate Economics Review. The WUER is a journal published by the Department once a year that showcases student work in economics. For information about the WUER and its submission guidelines, please visit http://economics.uwo.ca/undergraduate/undergraduate_economics_review.html.