variable is expressed in terms of all the exogenous variables of order 1;

b) that the causal structure of our model permits us to derive the reduced forms of the various equations by employing straightforward substitution procedures and it is unnecessary to go through a tedious process of matrix inversion.

After following this tedious analysis it is worthwhile noting the real benefit derived from a logically consistent and completed structure. That is, once a causal structure complies with the above rules, its internal consistency ensures that the planner is in a position of clearly pointing out ex ante sectoral impacts foreseen from any "shock" imposed by policy makers via instrument specific variables.

Furthermore, it is feasible to satisfy several objectives simultaneously and yet "see the trees in spite of the forest."

a) The relative advantage of the causal models over the simultaneous ones (from the statistical point of view), has been long established by Wold (1967) and Simon (1957). Both authors demonstrated that simple Least-Square estimates of causal structures are always consistent and unbiased, due to the independence of the error terms.

d) the larger the model the more attractive causal structure becomes, for the ability to isolate 'cause-and-effect' in each sub-structure (or sector of the economy) is the key to rational policy formation.

e) We restricted our arguments to complete sectional linear systems and thus we have not proven the generality of our approach over non-linear structures. The question of non-linearity has to be approached separately in order to be fully satisfied. The reader might observe, however, that our model does contain several non-linear variables which are handled in the same fashion as the linear ones. We thus do not foresee major difficulty in generalizing our methodology to non-linear models as well.

Bibliography


3. See A. G. Papiadrou, ibid: Chapters 0, 1 and Appendix on Linear Algebra.


It has been shown by Peter Kenen' that even when two production possibility curves intersect each other, the situation utility possibility curve derived from one of the two production possibility curves could lie uniformly outside the situation utility possibility curve derived from the other. He argued that an unambiguous increase in potential economic welfare would occur if the Pareto contract curve of the initial situation, OP (in his figure, Va), lies entirely within Region I where the initial availabilities loci are to the southwest of the altered availabilities loci.

The purpose of this note is to point out that Kenen's diagram is wrong because the boundary line between Region I and Region II is drawn passing through the origin. When the boundary line passes through the origin, the origin becomes an intersection point between an availability locus of the initial situation and an availability locus of the altered situation. This implies that when Person One is allowed no commodities (i.e., the utility of Person One is zero), the utility of Person Two is the same under both production possibility curves. Therefore, the situation utility possibility curve derived from the altered production possibility curve will not lie entirely outside that derived from the initial production possibility curve, but will touch it at one point.

An unambiguous increase in potential economic welfare will occur if the Pareto contract curve of the initial situation, OP, lies entirely to the southeast of the boundary line between Region I and Region II. This is shown in the following diagram. The availability locus of Person One, ZZ, is generated from the initial production possibility curve ZZ by fixing Person Two on one of its indifference curves, $U_1$. On the other hand, the availability locus of Person One, WW, is generated from the altered production possibility curve WW by fixing Person Two on the same indifference curve, $U_2$. The indifference curve, $U_2$ (with its origin at $K'$ on the boundary line $KK'$) will be tangent to both production possibility curves. In this case, it is

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clear that when Person One is allowed no commodity X and no commodity Y (i.e., the utility of Person One is zero), Person Two will reach a higher indifference curve \( U'' \) under the production possibility curve \( WW' \) than the indifference curve \( U' \) reached under the production possibility curve \( ZZ' \). Therefore, the situation utility possibility curve derived from the altered production possibility curve \( WW' \) will lie entirely outside that derived from the initial production possibility curve \( ZZ' \).

An Approach to Standardization of Faculty Evaluations: An Empirical Study

DONALD SALYARDS and KEITH R. LEITNER

Introduction

The student unrest that pervaded the nation's campuses in the late 1960's triggered strong pressures for academics to inquire into their teaching effectiveness. As a result of this movement, student evaluations of teachers in many colleges and universities have become a very important factor in making decisions concerning faculty retention, promotion, and tenure. Such evaluations have to be analyzed with considerable care and deliberation since a number of complexities arise in regard to their interpretation.

Leniency in grading is one of the most powerful methods used by some teachers to raise their evaluation scores. With formalized student evaluations of faculty now standard practice, teachers may be tempted to use easy grading as a way to buy high student evaluations. Since leniency in grading may distort faculty evaluations, the purpose of this paper is to develop a way to standardize raw faculty evaluation scores for the grading system.

Although a number of studies have attempted to investigate the relationship between grade inflation and faculty evaluations, no consensus has been reached. While some studies have concluded that a positively related relationship exists, others have suggested the relationship is weak at best. A major reason for this confusion is that the problem has not been conceptualized adequately and there is little theoretical guidance for the development of empirical studies.

Theoretical Model

To assess accurately the effects of grading leniency on faculty evaluations, consider the following analysis. Assume that the higher the utility the student acquires from attending a class under one professor, the higher the rating of the instructor and course. Furthermore, if students are rational, more leisure and higher grades are preferred to less leisure and lower grades. Suppose a student's utility function is:

\[ U = X + Y - BY^2 \]

where:
- \( U \) = utility
- \( X \) = leisure
- \( Y \) = grades
- \( B \) = coefficient

The grade inflation hypothesis suggests that the coefficient \( B \) is positively related to the grade inflation rate.

References