

Syllabus^{COURSE}

ECO 561
Economics

Version 1 05/01/08



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Course Syllabus

Course Title: ECO 531—Economics

Required Texts:

McConnell, C. R. & Brue, S. L. (2005). *Economics: Principles, problems, and policies*. New York: McGraw Hill/Irwin.

Pugel, T. A. (2007) *International Economics* (13th ed.). New York: McGraw Hill/Irwin.

Electronic Resources: ECO 561 Electronic Reserve Readings (ERR)

Note: The link to the ECO 561 ERR is available on the ECO 561 rEsource course page.

Please Note: All required text and materials are found on the rEsource page. The rEsource page can be accessed through the University of Phoenix Student and Faculty Web site at <https://ecampus.phoenix.edu/>

Course Overview

COURSE DESCRIPTION

This course applies economic concepts to make management decisions. Students employ the concepts of scarce resources and opportunity costs to perform economic analysis. Other topics include supply and demand, profit maximization, market structure, macroeconomic measurement, money, trade, and foreign exchange.

TOPICS AND OBJECTIVES

The Basic Concepts for Economic Reasoning

- Analyze how economics explores the use of scarce resources and forces choice among alternatives.
- Explain the economizing problem and the models used in economics.
- Analyze how the laws of supply and demand determine equilibrium price and quantity.

Cost Concepts & Profit Maximization

- Differentiate the costs of production in a firm.
- Explain profit maximization principles in a purely competitive market.
- Apply incremental cost and contribution analysis to make a business decision.

Market Structure & Strategic Choice

- Differentiate among the pure competition, monopolistic competition, oligopoly, and monopoly market models
- Describe pricing and nonpricing strategies in monopolistic competition, oligopoly, and monopoly market models
- Describe the role of technology, R&D, and efficiency within the market models

Macroeconomic Measurement & Basic Concepts

- Explain the concepts and measurement of Gross Domestic Product (GDP)
- Analyze the trends and cycles of real GDP growth in business cycle
- Analyze the causes and remedies of unemployment and inflation
- Analyze the basic macroeconomic relationships

Money, Creation & Control and Monetary Policy

- Explain the concepts of money and interest rates
- Explain how banks create money

- Evaluate the effectiveness of the central banks monetary policy in stabilizing the economy

Global Context: Business Beyond National Borders

- Explain the concept of comparative advantage and its recommendation for specialization
- Explain the effects of barriers to free trade and the reasons countries impose them
- Explain how the foreign exchange market works and how exchange rate risk is managed

Point Values for Course Assignments

Week One: The Basic Concepts of Economic Reasoning	
Participation	3
Assignment: Quizzes	2
Assignment: Scenario Concept	5
Week Two: Cost Concepts & Profit Maximization	
Participation	3
Assignment: Quizzes	2
Assignment: Scenario Analysis	10
Week Three: Market Structure & Strategic Choice	
Participation	3
Assignment: Cost Scenario	10
Week Four: Macroeconomic Measurement & Basic Concepts	
Participation	3
Assignment: Quizzes	2
Assignment: Simulation Analysis	10
Week Five: Money, Creation & Control and Monetary Policy	
Participation	3
Assignment: Quizzes	1
Assignment: Interest Rate Report	20
Week Six: Global Context: Business Beyond National Borders	
Participation	3
Assignment: International Paper	20
Point Total	100

Policies and Procedures

Attendance and Participation

Late Assignments

Feedback

Incompletes

Academic Honesty

Academic honesty is highly valued at each University of Phoenix campus. A student must always submit work that represents his or her original words or ideas. If any words or ideas are used that do not represent the student's original words or ideas, the student must cite all relevant sources. The student should also make clear the extent to which such sources were used. Words or ideas that require citations include, but are not limited to, all hardcopy or electronic publications—whether copyrighted or not—and all verbal or visual communication, when the content of such communication clearly originates from an identifiable source. At the Online campus, all submissions to any public meeting or private mailbox fall within the scope of words and ideas that require citations, if used by someone other than the original author.

Academic dishonesty in an online learning environment could involve

- Having a tutor or friend complete a portion of your assignments
- Having a reviewer make extensive revisions to an assignment
- Copying work submitted by another student to a public class meeting
- Using information from online information services without proper citation

If you have any questions about appropriate academic citations, you may want to review the Avoiding Plagiarism tutorial. This tutorial, designed by Longman Publishing Company, is designed to help students understand and avoid plagiarism.

To access the tutorial:

1. Navigate to the University of Phoenix student Web site: <https://ecampus.phoenix.edu>.
2. Go to **Site Tools**.
3. Click on **Tutorials**.
4. Select **Avoiding Plagiarism**.

Academic Resources

Coursework in this class must uphold the high standards of academic integrity established by the University of Phoenix. Consequently, when you are conducting research for an assignment, the majority of your sources should be peer-reviewed academic journals, such as those you find in the University Library or in the additional readings on the rEsource page for this course.

PLEASE NOTE: Internet searches will often take you to non-academic information resources such as Wikipedia.com, Ask.com, Encarta.msn.com, Infoplease.com, etc. You may supplement your research with these sources, but keep in mind that the information you find there may not be accurate, since it does not come under a formal oversight or peer-review process.

While you may use and cite non-academic resources such as Wikipedia when working on assignments, you may not rely on them exclusively. The majority of your sources should be peer-reviewed academic journals. Further, remember that you are responsible for the accuracy of any facts you present in your assignments and therefore should confirm the veracity of information you find on non-academic sources through further research.

Confidentiality and Proprietary Information

One of the cornerstones of the University of Phoenix learning model is the practical application of theoretical concepts. You are encouraged to share your personal and professional experiences as a means to integrate knowledge by reflecting on its application. However, it is important to note that we all are bound by confidentiality in this class. To assure that we can have a free and open discussion in which you may elect to discuss your company and its policies and procedures as they apply to the course material, I expect each person to respect the confidentiality of what your classmates are willing to share with us. At the same time, I ask that each of you exercise good judgment in what you choose to share and avoid disclosing non-public or competitively sensitive information.

It is University of Phoenix policy that students and faculty members must not share present or past employer information that is considered to be proprietary, confidential, company sensitive, or protected trade secrets. Students are encouraged to examine their organization's limitations on sharing information externally.

Students and faculty members may appropriately choose to illustrate lessons from their experience that might challenge these boundaries, without identifying specific employers or individuals by name.

If you have any questions about any of the information contained in this syllabus, or about any other aspect of this class, please do not hesitate to ask your facilitator.

How Points and Percentages Equate to Grades

100-95	A	76-74	C
94-90	A-	73-70	C-
89-87	B+	69-67	D+
86-84	B	66-64	D
83-80	B-	63-60	D-
79-77	C+	59 <	F

Week One

The Basic Concepts for Economic Reasoning

- Analyze how economics explores the use of scarce resources and forces choice among alternatives.
- Explain the economizing problem and the models used in economics.
- Analyze how the laws of supply and demand determine equilibrium price and quantity.
- Apply the concepts of elasticity in business decision-making.

ASSIGNMENTS



ALL DELIVERY METHODS

1. **Read** objectives and welcome.
2. **Read** Ch. 1-3, & 20 of *Economics*.
3. **Individual Assignment: Scenario Concept**
 - **Read** the University of Phoenix Material – Will Bury’s Price Elasticity Scenario.
 - **Write** a 350- to 700-word paper explaining the economic concepts found in the reading assignment.
 - **Discuss** how the course readings relate to the context of the scenario. Be sure to include citations and references where appropriate.
4. **Individual Assignment: Quizzes**
 - **Visit** the *MBA Web Prep for Economics* site at: http://cwx.prenhall.com/bookbind/pubbooks/uop_casefair/.
 - **Complete** Quizzes 1 & 2.
 - **Submit** the results to your faculty member.



CLASSROOM

1. **Submit** a copy of your Scenario Concept paper to your instructor.
2. **Prepare** a response to this week’s discussion questions.

Week Two

Cost Concepts & Profit Maximization

- Differentiate the costs of production in a firm.
- Explain profit maximization principles in a purely competitive market.
- Apply incremental cost and contribution analysis to make a business decision.

ASSIGNMENTS



ALL DELIVERY METHODS

1. **Read** Ch. 22-23 of *Economics*; and the University of Phoenix Material – Opportunity Cost.
2. **Learning Team Assignment:** Scenario Analysis
 - **Review** the University of Phoenix Material – Will Bury’s Price Elasticity Scenario introduced in Week One. You may also use information from your own organization. If you use your own organization, get approval from your instructor before proceeding.
 - **Prepare** a 350- to 700-word report where you explain the following concepts in the context of the Will Bury scenario:
 - The effect on revenue when there is a change in price (assuming competitors do not follow)
 - Estimate the elasticity of demand in your scenario using either the arc method of elasticity or base your estimate on the number and closeness of substitutes (including foreign substitutes)
 - Justify your estimate of the elasticity
3. **Simulation:** Cost and Revenue Curves
 - **Using** the link provided in Week Two of the rEsource page, access and complete the simulation *Economics for Managerial Decision Making: Cost and Revenue Curves*.
 - **Write** a 1 page summary about the simulation.
4. **Individual Assignment:** Quizzes
 - **Visit** the *MBA Web Prep for Economics* site at: http://cwx.prenhall.com/bookbind/pubbooks/uop_casefair/.
 - **Complete** Quizzes 3, 4, & 5.
 - **Submit** the results to your faculty member.

CLASSROOM

1. **Submit** a printed copy of your paper for the Scenario Analysis assignment to your instructor.
2. **Prepare** a response to this week's discussion questions.

Week Three

Market Structure & Strategic Choice

- Differentiate among the pure competition, monopolistic competition, oligopoly, and monopoly market models.
- Describe pricing and nonpricing strategies in monopolistic competition, oligopoly, and monopoly market models.
- Describe the role of technology, research & development, and efficiency within the market models.

ASSIGNMENTS



ALL DELIVERY METHODS

1. **Read** Ch. 23-26 of *Economics*
2. **Individual Assignment:** Cost Scenario
 - In this assignment, make a decision whether to accept an order for a product which requires displacing another product from production. This employs contribution analysis, opportunity cost, and cost concepts that you read about in Opportunity Cost document in week two. The University of Phoenix Material – ClearHear Scenario provides a problem statement, opportunities, and end state goals.
 - Using this data write a 350- to 700- word report where you explain the following in the context of the scenario.
 - Identify alternative solutions to meet the end-state goals
 - Analyze and evaluate the alternatives that you identified
 - Perform risk analysis to identify potential risks and negative consequences of the alternative solutions
 - Make a recommendation of the best alternative solution and explain how it best meets the desired end state

Week Four

Macroeconomic Measurement & Basic Concepts

- Explain the concepts and measurement of Gross Domestic Product (GDP).
- Analyze the trends and cycles of real GDP growth in business cycle.
- Analyze the causes and remedies of unemployment and inflation.
- Analyze the basic macroeconomic relationships.

ASSIGNMENTS

ALL DELIVERY METHODS

1. **Read** Ch. 7-9 of *Economics*.
2. **Visit** the U.S. Bureau of Economic Analysis (BEA) at <http://www.bea.gov/>. Use this site as a resource for Weeks 4, 5, & 6.
3. **Individual Assignment: Simulation Analysis**
 - Using the link provided on Week Four of the rEsource page, access and complete the simulation, *Economics for Managerial Decision Making: Market Structures*.
 - **Write** a 700- to 1,050- word paper where you explain the following in the context of the simulation.
 - Create a solution using strategic variables available to you to sustain the economic profits the firm can earn.
 - What are some of the pricing strategies that you would recommend?
 - What are some of the nonpricing strategies that you would recommend?
 - What kind of innovations would you propose to sustain the organization's uniqueness?
4. **Individual Assignment: Quizzes**
 - **Visit** the *MBA Web Prep for Economics* site at: http://cw.prenhall.com/bookbind/pubbooks/uop_casefair/.
 - **Complete** Quizzes 6 & 7.
 - **Submit** the results to your faculty member.
5. **Looking ahead: Big Drive Auto**
 - **Review** the scenario contained in the University of Phoenix Material – Big Drive Auto which you use in your assignments for Week Five and Six. This Scenario enables you to relate an organization's operations and planning to macroeconomic data.

- **Identify** how these relationships can help Big Drive Auto to plan better. Begin working on this assignment during Week Four, and submit it in Week Six. If you want to use your own organization's data, get the approval from your instructor before proceeding.

CLASSROOM

1. **Submit** a printed copy of your Simulation Analysis paper to your instructor.
2. **Prepare** a response to this week's discussion questions.

Week Five

Money, Creation & Control and Monetary Policy

- Explain the concepts of money and interest rates.
- Explain how banks create money.
- Evaluate the effectiveness of the central bank's monetary policy in stabilizing the economy.

ASSIGNMENTS

ALL DELIVERY METHODS

1. **Read** Ch. 13-15 in *Economics*.
2. **Visit** the *International Monetary Fund* site at: <http://www.imf.org/external/pubs/ft/weo/2007/02/weodata/weoselgr.aspx>. Use this site as a resource for Weeks 5 & 6.
3. **Individual Assignment:** Interest Rate Report
 - Use the University of Phoenix Material – Big Drive Auto to write a 350- to 700-word report in which you address the following issues in the context of the scenario:
 - Identify decisions made by key organizational stakeholders that are affected by interest rates.
 - Identify how interest rates affect the cost of operating the business.
 - Find the current yield curve and interpret the effect of its shape on decision-making within the organization.
 - Evaluate how changes in interest rates affect the customer demand for the product in the scenario.
 - Explain how business planning and operations are dependant on monetary variables other than interest rates.

4. **Individual Assignment: Quizzes**

- **Visit** the *MBA Web Prep for Economics* site at: http://cwx.prenhall.com/bookbind/pubbooks/uop_casefair/.
- **Complete** Quiz 8.
- **Submit** the results to your faculty member.

Week Six

Global Context: Business Beyond National Borders

- Explain the concept of comparative advantage and its recommendation for specialization.
- Explain the effects of barriers to free trade and the reasons countries impose them.
- Explain how the foreign exchange market works and how exchange rate risk is managed.

ASSIGNMENTS



ALL DELIVERY METHODS

1. **Read:** Ch. 6 & 37 of *Economics* and Ch. 17-18 of *International Economics*.

2. **Learning Team Assignment:** International Paper

- Using the data compiled from the University of Phoenix Material – Big Drive Auto in Week Four (or the material from your own organization which your faculty member has approved) write a 700- to 1,050- word paper addressing the following issues in the context of the scenario.
 - Identify and justify the macroeconomic measures of output and prices which you have selected for Big Drive Auto's planning.
 - What are the relationships between the organization's data and the macroeconomic measures you have selected?
 - Explain how specific planning and operating decisions at the organization can be improved using the macroeconomic data.
 - How would you get reliable forecasts of these macroeconomic variables?
 - In your planning, how would you deal with the uncertainty in macroeconomic forecasts?
 - How do business cycles affect the performances of Big Drive Auto (or the organization of your choice)? What could the organization do to mitigate any undesirable effects of business cycles?
 - Identify to what extent tariffs or quotas would affect international trade in your product

- How would you pay for imports, receive payment for exports, and manage exchange rate risk?

 **CLASSROOM**

1. **Submit** your report for the Interest Rate paper assignment as an attachment in your **Individual** forum.
2. **Prepare** a response to this week's discussion questions.