

Economic Analysis MBA 502

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| <u>Grading:</u> | Homework and Quizzes | 25% |
| | Two Exams | 60% |
| | Project | 15% |

Attendance: Required and any make-up work must be approved in advanced of the scheduled date.

Text: Principles of Economics 8th Ed. by Case and Fair

Ethics General University Policies apply to the issue of student ethics.

Course Content & Learning Goals: MBA 502 is a 'foundation' course in economics for first-year graduate students in business. The course content includes a basic coverage of both micro and macro subject areas. Students acquire a 'conceptual' understanding of economic principles and theories. The homework problems and class project are utilized to increase the applied understanding of the discipline. Knowledge acquired from the course assists students in their preparation for upcoming MBA classes in; marketing, strategy, production, finance, and forecasting. The instructor's goal is to provide incoming students with the necessary concepts and principles in economics to better assess and to analyze business-related problems. The conceptual understanding of economics typically improves the decision-making process of corporate executives and managers.

May 13

Chapters

PART 1: Introduction to Economics

1. The Scope and Method of Economics
Homework Prob. 4
2. The Economic Problem: Scarcity and Choice
Homework Prob. 9
3. Demand, Supply, and market Equilibrium
Homework Prob. 8 and 9
4. Demand and Supply
Homework Prob. 1
5. Elasticity applications
Homework Problems 1 and 3

May 20

Chapters:

6. Household Behavior and Consumer Choice
Homework Prob. 10
7. The Production Process: The Behavior of
Homework Prob. 9
8. Short-Run Costs and Output Decisions
Homework Prob. 6

May 27

Chapters:

9. Costs and Output Decisions in the Long Run
Homework Prob. 11
10. Input Demand: The Labor and Land Markets
Homework Prob. 12
11. Input Demand: The Capital Market and the
Investment Decision
Homework Prob. none

June 3

Chapters

12. General Equilibrium and the Efficiency of

13. Monopoly and Antitrust Policy

Homework problem 4

June 10

14. Monopolistic Competition and Oligopoly
Homework Prob. none
15. Externalities, Public Goods, Imperfect
Information, and Social Choice
16. Income Distribution and Poverty
Homework Prob. 6
17. Public Finance
Homework none

June 17

EXAM 1

June 24

Chapters

18. Introduction to Macroeconomics
Homework Prob. 4
19. Measuring National Output and National
Income
Homework Prob. 1
20. Long-Run and Short-Run Concerns:
Growth, Productivity, Unemployment
Homework Prob. 8
21. Aggregate Expenditure and Equilibrium
Output
Homework Prob. 7

July 1

Chapters:

22. The Government and Fiscal Policy
Homework Prob. 8
23. The Money Supply and the Federal Reserve
System
Homework Prob. 11
24. Money Demand, the Equilibrium Interest
19 Rate
Homework Prob. 1

25. Money, the Interest Rate, and Output:
 Analysis and Policy
 Homework Prob. 5
26. Aggregate Demand, Aggregate Supply, and
 Inflation
 Homework Prob. 4
27. The Labor Market, Unemployment, and
 Inflation
 Homework Prob. 7

34. Open-Economy Macroeconomics: The
 Balance of Payments
 Homework Prob. None
35. Globalization (No homework)
36. Economic Growth in Developing and
 Transitional Economies
 (No homework)

July 8
Chapters

28. Macroeconomic Issues and Policy
 Homework Prob. 3
29. Stock Market & Economy
 Homework none
30. Household and Firm Behavior in the
 Macroeconomy: A Further Look
 Homework none
31. Long-Run Growth
 Homework none
32. Debates in Macroeconomics: Monetarism,
 New Classical Theory, and Supply-Side
 Homework none

July 15
Chapters

33. International Trade, Comparative
 Advantage, and Protectionism
 Homework none

July 22
Discuss student projects

****July 29 EXAM II***(Chapters 18-36)**

Economic Analysis

MBA 502

Class Projects

The class project is an attempt to apply economic principles to a business environment. The paper utilizes either empirical or secondary data wherever it is possible to enhance the analysis. Projections and forecasts include both quantitative and qualitative supporting evidence. (No more than two students on one topic)

Possible Topics

- 1) Incremental cost analysis resulting from changing production schedules
- 2) The impact of upgrades in fixed assets on the coefficients of operating leverage
- 3) The effect of alternative price levels upon revenue-maximization levels
- 4) Forecasting product demand under ceteris paribus conditions in the marketplace
- 5) Assessments of current capacity utilization levels of fixed assets
- 6) The determination of profit-maximization quantity applying marginal analysis
- 7) Applying price-discrimination principles to maximize overall profitability
- 8) Measuring the level of cross-elasticity between two goods
- 9) Assessing the impact of income elasticity coefficients upon a sales forecast
- 10) Measuring the abrupt change in price elasticity of demand in oligopoly pricing
- 11) Managing production quotas in a Cartel market for maximization of earnings
- 12) Utilizing 'game theory' in oligopoly market analysis
- 13) Discovery of isoquants and iso-costs schedules in production data
- 14) Discovery of a supply schedule in a market with ceteris paribus conditions
- 15) Determining equally satisfying combinations of two goods in an indifference curve analysis
- 16) Using a marketing strategy to alter a product's elasticity coefficients
- 17) Determine the second break-even point in the actual production and selling of a particular good
- 18) Allocating advertising expenditures to the point of equating marginal benefit with marginal cost
- 19) Conduct a GDP forecast under two different methodologies
- 20) Estimate the current 'natural rate' of unemployment and the location of the present Phillips Curve

- 21) Analyze the interrelationships between the 'twin defects' facing the U.S.
- 22) Provide two alternative methods for determining interest rates on bank loans
- 23) Analyze the liquidity level and solvency condition of two or more banks
- 24) Describe the impact of changing levels and slopes of the yield curve upon future bank profits based upon their current 'gap' condition
- 25) Utilize the 'market segmentation theory' to explain current slope of the yield curves
- 26) How would the introduction of a 'flat tax' impact future municipal bond prices and yields? Discuss
- 27) Forecast inflation and measure the possible sources
- 28) Develop the monetarist's model for money supply growth (the 'monetary rule')
- 29) Estimate the size of the 'crowding-out' effect created by the current budgetary deficits
- 30) Estimate the size of the investment multiplier upon local or national GDP
- 31) Forecast the 'real' growth rate and measure its impact upon future governmental revenues and deficits
- 32) What are alternative pricing methods for public goods? Especially those that have a zero marginal cost level of production?
- 33) Measure the elasticity differences between the composite product groups of US exports versus US imports. How does this impact the solutions to the trade problem?
- 34) How can the US improve its trade balance? (short-term vs long-term)
- 35) How would refinancing the national debt long-term in 2003 have potentially a negative effect upon future bank solvency levels?
- 36) Sub – prime loan crisis