I. **Catalog Description**

EC 521  Business Economics (4)

The role of business firms in the resource allocation process. The behavior and decision-making process of firms in a variety of market structures. New approaches in the theory of the firm. 4 seminars. Prerequisites: Graduate standing and an elementary knowledge of economics. For non-economics majors only.

II. **Required Background or Experience**

Graduate standing and an elementary knowledge of economics.

III. **Expected Outcomes**

The student in EC 521 will:

a) use basic microeconomic tools in business decision-making applications, and

b) develop a fundamental background of the role that economics plays in business decision-making.

IV. **Text and Readings**

**Texts:**


Aplia instructional software <http://www.aplia.com/> Provides access to eText option, required online assignments and related articles.

**Readings:**


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Business Week, selected current articles

The Economist, selected current articles

The Wall Street Journal, selected current articles

V. Minimum Student Materials

Textbooks, notebooks, and access to reference materials.

VI. Minimum College Facilities

Classroom suitable for seminar discussions equipped with audio-visual equipment.

VII. Course Outline

A. Introductory Concepts

1. Scarcity
2. Opportunity Cost
3. Real Prices and Money Prices
4. Economic Goods

B. Introduction to Economic Models

1. What Models Can and Cannot Do
2. Production Possibility Curve
   a. Assumptions
   b. Applications

C. Supply and Demand

1. Increases and Decreases in Demand
   a. Changes of Quantity Demanded
2. Increases and Decreases in Supply
   a. Changes of Quantity Supplied
3. Elasticities of Supply and Demand

4. What is a Market?
   a. Market Equilibrium
   b. Nonequilibrium Market Conditions
   c. Disturbances of Market Equilibrium

5. Applications of the Market Model of Supply and Demand
   a. Agricultural subsidies
   b. Economic Rent
   c. Imposition of Per Unit, or Output Taxes
   d. Substitutes and Complementary Goods

E. Indifference Curve Analysis
   1. Price Consumption Curve
      a. Derivation of Demand
   2. Income Consumption Curve
   3. Income and Substitution Effects

F. Cost Structure of the Firm
   1. Total Costs
   2. Per Unit Costs
   3. Changes of Scale
      a. Returns to Scale

G. Perfect Competition
   1. Conditions for Existence
   2. Application and Use of Models of Perfect Competition

H. Monopoly
1. Conditions for Existence

2. Application and Use of Models of Monopoly

I. Oligopoly

1. Conditions for Existence

2. Application and Use of Models of Oligopoly

J. Monopolistic Competition

1. Conditions for Existence

2. Application and Use of Models of Monopolistic Competition

VIII. **Instructional Methods**

Lecture-discussion, lecture-applied use of economic models, and various audio-visual presentations.

IX. **Evaluation of Outcomes**

Periodic exams and comprehensive final exam. Examinations are essay and problem-solving with coverage of lectures and assigned readings.