

Fundamentals of Business Economics
ECONOMICS 401, 4 CREDITS
Wednesday 7:05 – 9:45 PM
Bernard J. Brommel Hall – Room 113

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Office Hours: After Class and By Appointment
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“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

- F.A. Hayek,
The Fatal Conceit

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist.”

- John Maynard Keynes,
The General Theory of Employment, Interest, and Money

INTRODUCTION

Fundamentals of Business Economics is directed to MBA students who need a survey of basic economic theory in order to succeed in the graduate study of business. Throughout the course, the basic theoretical concepts and tools of microeconomics and macroeconomics are introduced and used to analyze contemporary business and economic issues and problems.

The course has six sections: markets and prices, industry and commerce, work and pay, time and risk, the national economy, and the international economy. Students are expected to attend all classes and complete all work. Late work will not be accepted without prior consent.

REQUIRED TEXTS

Economics in One Lesson
Henry Hazlitt
ISBN: 0-930073-19-3

Basic Economics: A Common Sense Guide to the Economy
Thomas Sowell
ISBN: 978-0-465-02252-6

YOUR FINAL GRADE WILL BE DETERMINED BY THE FOLLOWING:

ATTENDANCE/PARTICIPATION	10%
ARTICLE ASSIGNMENTS	12%
ONLINE QUIZZES	18%
MIDTERM	30%
FINAL EXAM	30%

QUIZZES WILL BE POSTED AS WE COVER MATERIAL. THE FIRST THREE (AND THE REVIEW) WILL BE DUE BY THE DAY OF THE MIDTERM. THE REST WILL BE DUE THE DAY OF THE FINAL

BLACKBOARD: Blackboard is an instrumental part of this course. You can access Northeastern's Blackboard system at: <http://neu.blackboard.com/>

QUIZZES: There will be a review quiz posted on Blackboard to test the skills you gained as an undergraduate. You may attempt this as many times as necessary. In addition, there will be six quizzes posted throughout the semester each for each of which you will have one timed attempt.

PLAGIARISM: Plagiarism is "the unauthorized use or close imitation of the language and thoughts of another author and the representation of them as one's own original work"¹. If you are suspected of plagiarizing, you will be brought up on charges by the university. If you are found guilty you may be dismissed from the university.

1. **The Random House Dictionary.** (2010). In *Encyclopædia Britannica*. Retrieved August 19, 2010, from Encyclopædia Britannica Online: <http://www.britannica.com/EBchecked/topic/491056/The-Random-House-Dictionary>

STUDENTS WITH DISABILITIES: Students with Faculty Contact Sheets for this class need to present them to the instructor as soon as possible. Other students requiring reasonable accommodations, as covered under the Americans with Disabilities Act, should contact the Accessibility Center to discuss needed accommodations. Questions and requests for reasonable accommodations should be directed to Building D, Room 104, phone (773) 442-5495.

NOVEMBER 9TH IS THE LAST DAY FOR STUDENTS TO DROP A CLASS OR COMPLETELY WITHDRAW FROM THE SEMESTER (NO FINANCIAL CREDIT) AND RECEIVE A GRADE OF "W"

Article Assignments

On three dates during the semester: September 19th
October 31st
November 28th

You will be required to turn in a clean copy of an article that you have read in a weekly periodical or newspaper such as *The Economist*, *Vanity Fair*, *The New York Times*, or *The Wall Street Journal*. Any economic article from one of these publications is fine. If you are not sure your of your chosen publication contact me well before the assignment is due. Accompanied with this article need to be two additional items:

- 1) A summary of the article written in your own words
- 2) A short description of what within the article you would have not understood before this course, what you still don't understand about the article, and the chapter(s) in each book that are relevant to the material.

Each of these will be worth 6% of your grade. The point breakdown will be as follows:

- | | |
|-------------------------------------|------------------|
| 1) Correct Referencing of Article*: | _____ /5 points |
| 2) Copy of Article was Attached: | _____ /5 points |
| 3) Choice of Article / Relevance | _____ /10 points |
| 4) Spelling / Grammar / Syntax: | _____ /10 points |
| 5) What you have learned so far: | _____ /15 points |
| 6) Relevant Chapter Identification | _____ /15 points |

Suggested Undergraduate Textbooks

It is recommended that you have one book as a reference for both microeconomics and macroeconomics. Older editions of these books are available at a very low price through sites like Amazon and Half.com.

Microeconomics

Browning and Zupan – Microeconomics

Krugman and Wells – Microeconomics

Nicholson – Microeconomic Theory

Hirshleifer et al. – Price Theory and Applications

Landsburg – Price Theory and Applications

David D. Freedman – Price Theory

Macroeconomics

Williamson – Macroeconomics

Froyen – Macroeconomics

Mankiw – Macroeconomics

	Week	Date	Title	Book	CH.	Page #	Pages	Total
Markets and Prices	1	August 29, 2012	What is Economics?	BE	1	1	8	31
			The Lesson	EOL	1	3	8	
			The Broken Window	EOL	2	11	2	
			The Blessing of Destruction	EOL	3	13	6	
			How the Price System Works	EOL	15	87	7	
	2	September 5, 2012	The Role of Prices	BE	2	9	30	64
			Price Controls	BE	3	39	27	
			"Stabilizing" Commodities	EOL	16	94	7	
	3	September 12, 2012	Government Price-Fixing	EOL	17	101	10	44
			What Rent Control Does	EOL	18	111	7	
An Overview			BE	4	66	27		
Industry and Commerce	4	September 19, 2012	The Rise and Fall of Businesses	BE	5	93	25	61
			The Role of Profits and Losses	BE	6	118	31	
			The Function of Profits	EOL	22	144	5	
	5	September 26, 2012	Big Business and Government	BE	7	149	34	60
			An Overview	BE	8	183	22	
			Disbanding Troops and Bureaucrats	EOL	9	52	4	
Work and Pay	6	October 3, 2012	"Enough to Buy Back the Product"	EOL	21	136	8	69
			Productivity and Pay	BE	9	205	29	
			The Curse of Machinery	EOL	7	35	12	
			Spread-the-Word Schemes	EOL	8	47	5	
			The Fetish of Full Employment	EOL	10	56	3	
			Do Unions Really Raise Wages?	EOL	20	124	12	
	7	October 10, 2012	Controlled Labor Markets	BE	10	234	34	65
			Minimum Wage Laws	EOL	19	118	6	
			An Overview	BE	11	268	25	
	8	October 17, 2012	*****MIDTERM EXAM*****					
Time & Risk	9	October 24, 2012	Investment and Speculation	BE	12	293	34	74
			Risks and Insurance	BE	13	327	26	
			An Overview	BE	14	353	14	
The National Economy	10	October 31, 2012	National Output	BE	15	367	19	60
			Money and the Banking System	BE	16	386	28	
			The Mirage of Inflation	EOL	23	149	13	
	11	November 7, 2012	Government Functions	BE	17	414	30	52
			Public Works Mean Taxes	EOL	4	19	6	
			Taxes Discourage Production	EOL	5	25	2	
			The Assault on Saving	EOL	24	162	14	
	12	November 14, 2012	Government Finance	BE	18	444	35	61
Credit Diverts Production			EOL	6	27	8		
An Overview			BE	19	479	18		
The International Economy	13	November 21, 2012	International Trade	BE	20	497	26	47
			The Drive for Exports	EOL	12	70	5	
			Who's "Protected" by Tariffs?	EOL	11	59	11	
			Saving the X Industry	EOL	14	82	5	
	14	November 28, 2012	International Transfers of Wealth	BE	21	523	26	47
			"Parity" Prices	EOL	13	75	7	
			An Overview	BE	22	549	14	
15	December 5, 2012	*****FINAL REVIEW SESSION*****						
Thurs.	December 13, 2012	*****FINAL EXAM AT 6:00 PM*****						