

**MISSOURI SOUTHERN STATE UNIVERSITY  
COURSE SYLLABUS**

**SCHOOL:** School of Business

**DEPARTMENT:** Finance and Economics

**COURSE TITLE:** ECON 180 The American Economic System

**COURSE CIP NO:** 52.0601-180

**CREDIT:** 3 cr. hours

**PREPARED BY:** Brian Nichols & Chris Moos

**DATE APPROVED BY DEPARTMENT:** July 17, 2007

**SIGNATURE:** \_\_\_\_\_  
Nii Abrahams, Head of Department

**COURSE DESCRIPTION FOR CATALOG:**

ECON 180                    3 cr. Hours  
The American Economic System

A core course on the goals, organization and operation of the U.S. economy and individual financial decisions within the economy. Economic topics include: scarcity and choice; the role of profits, saving, investment, and competition; the economic functions of government; limitations of the market system; other types of economic systems; and international trade. Personal finance topics include setting goals, budgeting, saving and investing, credit management, and retirement planning. Not for business majors or for those who have taken ECON 201 or 202. This course meets Area 5C of the Core Curriculum requirement.

**COURSE OBJECTIVES**

1. Demonstrate an understanding of the basic economic problem of scarcity and choice.[11A]
2. Distinguish between positive and normative economics.[11B]
3. Explain how the market system solves the basic economic problem. [11C]
4. Explain how the interaction of demand and supply determines prices in a competitive market.[11A]
5. Enumerate the characteristics of capitalism and how they differ from other economic systems.[11D]
6. Discuss the strengths and weaknesses of an economic system. [11D]
7. Discuss intelligently the socioeconomic issues that relate to inflation, unemployment, economic growth, debt, etc. [11E]
8. Demonstrate the ability to read, interpret and analyze economic and personal financial data and make reasoned estimates using basic (high school) mathematics. [7C]
9. Demonstrate knowledge of the economic functions and role of such fundamental institutions as government, the business firm, and the household.[11E]
10. Evaluate why nations trade and why it is advantageous for them to do so. [11F]
11. Understand the arguments for and against legal restraints on trade. [11F]
12. Demonstrate knowledge of the concepts and practices necessary to establish financial goals and create a personal budget. [2B, 4A, 4C]

13. Demonstrate an understanding of effective credit management to include knowledge of differing types of debt and techniques appropriate for use of debt. [3B, 4A]
14. Demonstrate knowledge of financial security issues such as saving, investment, retirement planning and risk management. [11C]

## **COURSE OUTLINE**

### **SECTION 1:**

1. Economics and the World of Scarcity
  - a. Why Scarcity Exists
  - b. Concept of Opportunity Cost
  - c. The Relationship Between Opportunity Cost, Trade-offs, and the Production Possibilities Curve
2. The United States Within the World Economy
  - a. What, How and For Whom to Produce
  - b. Price System
  - c. Factors of Production
  - d. GDP
3. Trading with Other Nations
  - a. Why Nations Trade
  - b. Absolute and Comparative Advantage
  - c. Imports and Exports
  - d. Impact of Restrictions on Imports
4. Financial Goals
  - a. Goal Setting and Priorities
  - b. Budgeting and Record Keeping

### **SECTION 2:**

5. Demand and Supply
  - a. Law of Demand and Demand Curve
  - b. Real Income and Substitution Effects
  - c. Changes in Demand versus Quantity Demanded
  - d. Law of Supply and Supply Curve
  - e. Determinants of Supply
  - f. Changes in Supply versus Quantity Supplied
  - g. Equilibrium
  - h. Surpluses, Shortages and Rationing
6. Consumer Decision Making
  - a. Utility and Measuring Utility
  - b. Marginal Utility
  - c. Diminishing Marginal Utility
  - d. Price Elasticity
7. The Firm: Production and Cost
  - a. Types of Business Organizations
  - b. Factors of Production and Output
  - c. Diminishing Marginal Returns
  - d. Fixed, Variable and Marginal Costs
  - e. Profits
  - f. Business Ethics and Social Responsibility
8. Employment and Company Benefits
  - a. Risk Management
  - b. Maximizing Company Benefits

### **SECTION 3:**

9. Unemployment, Inflation and Business Cycle
  - a. Unemployment: Types and Measurement
  - b. Inflation and Deflation
  - c. Measurement and Effects
  - d. Inflation and Interest Rates
  - e. Business Cycles and Fluctuations
10. Fiscal Policy Approach to Stabilization
  - a. Consumption and Saving
  - b. Marginal Consumption and Saving
  - c. Investment and Interest Rates
  - d. Multiplier
  - e. Fiscal Policy and Taxes
  - f. Government Spending
  - g. Automatic Stabilizers
  - h. Government Deficit Spending and Borrowing
11. Monetary Policy Approach to Stabilization
  - a. Interest Rates
  - b. Money Supply vs. Open Market Operations
  - c. Reserve Requirements
  - d. Money Supply and Changes in Demand and Supply
  - e. Monetary Policy and Inflation
  - f. Criticism of Monetary Policy
12. Measuring Financial Goal Progress
  - a. Saving and Investing
  - b. Measuring Progress
  - c. Funding for Emergencies
  - d. Credit Management

### **SECTION 4:**

13. Money and US Banking System
  - a. Functions and Origins of Money
  - b. Liquidity
  - c. Defining and Measuring the Money Supply
  - d. Federal Reserve System Structure and Functions
  - e. Fractional Reserve Banking
  - f. Money Multiplier
14. Market and Government Failures
  - a. Public and Private Goods
  - b. Social and Private Costs
  - c. Economic Regulation
  - d. Social Regulation
  - e. Monopoly and Antitrust
15. Economic Growth
  - a. Definition of Economic Growth
  - b. Compounding
  - c. Productivity and Technology
  - d. Research and Development
  - e. Innovation and Knowledge
  - f. Property rights and Entrepreneurship
16. Reaching Financial Goals

- a. Funding your Goals
- b. Planning Retirement

## **BOOKS**

### **Rental:**

Miller, Roger. *Understanding Modern Economics* Boston, Massachusetts: Addison Wesley, 2005. [ISBN 0-536-85073-9]

<http://goodmoneyhabits.com/index.asp?ac=MSSUTZB7H>

## **REFERENCES AVAILABLE IN LIBRARY**

### **Books:**

Arnold, Roger A. *Economics*. 3<sup>rd</sup> ed. St. Paul: West Publishing Co., 1995. (HB171.5 .A695 1995)

Guartney, James D. and Stroup, Richard L. *Economics: Private and Public Choice*. 6<sup>th</sup> ed. Ft. Worth: Dryden Press, 1992. (HB171.5 .G96 1980 )

Hazlitt, Henry. *Economics in One Lesson*. Norwalk, CT: Arlington House, 1979. (HB171 .H47 1974)

Hallman, G Victor and Rosenbloom, Jerry S. *Personal Financial Planning*. New York, McGraw-Hill, 2003 (HG179 .H24 2003)

### **Government Documents:**

Savings Fitness: A Guide to Your Money and Your Financial Future. Washington, DC: US Department of Labor, Pension, and Welfare Benefits Administration, 1999. (L 1.7/2: SA 9)

## **PROCEDURES:**

Students are introduced to concepts in lectures and class discussion supplemented by audiovisual materials and computer simulation models. The use of weekly written assignments, role playing, case analysis, and team or individual papers and presentation may be employed to sharpen understanding, analysis and cooperation among the students.

## **EVALUATION:**

Evaluations based primarily on lecture examinations and written assignments. Course objectives and core competencies will be assessed with a common final. Student preparation and participation is essential to the success of the course. Students are expected to attend all class meetings, read all class assignments and contribute to the depth and nature of the course through their independent assignments and class discussion. Students may also earn points from special assignments and participation in University themed semester activities. Grades are assigned using the standard 90, 80, 70 and 60 percentage scale.

## **AMERICANS WITH DISABILITIES ACT (ADA) STATEMENT**

If you are an individual with a disability and require an accommodation for this class, please notify the instructor or the Coordinator for Disability Services, at the Learning Center (417) 659-3725.