ECON545 Paper Project 1

The Microeconomic Paper tests your ability to apply economic principles to a business decision. **The completed paper is a professional report and is due in Week 3 (130 points). See the grading rubric at the end of this document.** For sources of data, you can choose from the list presented at the end of this document.

The following is a list of the specific required information, research, graphs, and math to be included in each answer regardless of the scenario chosen.

1. Demand Determinants:
   1. **Each individual determinant analyzed for your situation, with examples applicable to your situation (3 points each) and research (2 points each)** showing current demand data or most recent past data, except for the expectations determinant in which you need to use data estimating future market conditions.
   2. **(10 points) Price Elasticity of Demand** facing you in your scenario, including actual calculation of it using the midpoint formula. If you can’t find data, then determine the price elasticity from the characteristics and make up numbers to use. Be sure to identify this if you use this approach. This will help you in deciding the slope of your demand curve below.
   3. **(5 points) Graph the demand** facing your situation. Note that this requires information from the supply determinant analysis before deciding how to draw the curve(s), as you may need a separate MR curve.
2. Supply Determinants:
   1. **Each individual determinant analyzed for your situation, with examples applicable to your situation (3 points each) and research (2 points each)** showing current supply data or most recent past data, except for the expectations determinant in which you need to use data estimating future market conditions.
      1. **(20 points) You need to be very specific in the cost** of production determinant to identify fixed, variable, and marginal cost in order to derive your supply curve for the graphing component. You will need to explain and show how profit maximization or loss minimization output and price are determined. You will need to do the math using actual figures [cited] or your own estimated figures [identified as such] and explain why you expect short run economic or normal profits, acceptable loss or temporary shutdown, and how you will know which it is.
      2. The number of sellers determinant must contain your analysis of the kind of market structure in which your firm or labor service will be sold.
   2. **(10 points) Price Elasticity of Supply** you have based on the cost of production changes as output changes, including actual calculation of it using the midpoint formula. If you can’t find data, then determine the price elasticity from the characteristics and make up numbers to use. Be sure to identify this if you use this approach. This will help you in deciding the slope of your supply curve.
   3. **(5 points) Graph** your supply situation using the numbers from your earlier cost of production analysis.
3. **Recommendations—(40 points)** what are your recommendations explained by your analysis?
4. **Paper presentation—(10 points)** good format, citations in APA, lack of spelling errors, etc.

**Situation B**

Your neighbor Cindy wants to start a contracting business for installing solar panels. She has heard of the cost savings that households and businesses can make each year from installing solar panels on the roofs. Cindy has also heard of government incentives for installing solar panels. Being concerned about the environment and wishing to reduce pollution, Cindy thinks installing solar panels also serves a social purpose. But she does not want to risk her life’s savings on a venture that might not succeed or become profitable enough. After hearing from you about taking this course in Business Economics, she decides to ask you for advice.

At first you were hesitant to give investment advice. Then you read the section “Losing Money in the Solar Panel Industry” on pages 402-403 of the textbook, and the need for differentiation in Chapter 13. You realize there are more pieces to the decision than Cindy is considering. You decide to research the market in terms of supply and demand, elasticity, costs of production, pricing, normal profit, and savings for consumers. You want to provide Cindy with the most informed advice possible

**Microeconomic Paper as a Professional Report**

Your paper should be organized into five parts as listed below.

1. **Title Page—Name, course, and date**
2. **Introduction to situation, but do NOT copy the scenario.** Briefly summarize the situation and identify the microeconomic issue(s) to be decided from the perspective of the organization.
3. **Relevant Economic Principles: Determinants of Demand, Supply, etc. and Relevant Data**

Identify the variables that are critical in addressing the issue(s). Gather and present the relevant data on the variables by searching the DeVry Online Library. Ask a librarian for help if needed. Use in-text citation to report the source(s) of the data. Graphs may be included here.

1. **Recommendations and Economic Justification**

Formulate and present your recommendations for addressing the issue(s) based on the relevant data and economic principles identified above. Justify your recommendations in terms of the economic impact on those affected.

1. **References**

List the full references for at least five sources alphabetically in APA format.

**Week 3 Paper Grading Rubric**

|  |  |  |  |
| --- | --- | --- | --- |
| **Section** | **Points earned** | **Points** | **Description** |
| Paper Presentation |  | 10 | Good format, citations in APA, lack of spelling errors, etc.  Correct Title page and Reference pages |
| Relevant Data: Demand: 30 points  Supply: 50 points |  | 80 | Demand Determinants and Research Data (15 points)  Price Elasticity of Demand (10 points)  Graph of Demand (5 points)  Supply Determinants and Research Data (15 points + Profit Max/Cost of Production Analysis = 20 points for total of 35 points)  Price Elasticity of Supply (10 points)  Supply graph (5 points) |
| Recommendations |  | 40 | What are your recommendations explained by your analysis? |
| **Total** |  | **130** | **A quality paper meets or exceeds these requirements** |

**Data Sources**

1. **DeVry Online Library:**

* Data bases for related articles
* Data bases for industry reports; IBISWorld in particular.
* ProQuest Statistical Abstracts of U.S.: <http://library.devry.edu/pdfs/STATISTICAL_ABSTRACTS__US.pdf>

1. **Industry Associations**

* Association of American Medical Colleges: <https://www.aamc.org/>
* American Medical Association (AMA): <http://www.ama-assn.org/ama>
* Council on Graduate Medical Education (COGME): <http://www.hrsa.gov/advisorycommittees/bhwadvisory/cogme/>
* National Center for Health Statistics (NCHS): <http://www.cdc.gov/nchs/>
* Solar Energy Industries Association: <http://www.seia.org/>
* The Solar Foundation: <http://www.thesolarfoundation.org/>
* The National Restaurant Association: <http://www.restaurant.org/>
* NACS - The Association for Convenience & Fuel Retailing: <http://www.nacsonline.com/Pages/default.aspx>

1. **Private Research Groups**

* The Rand Corporation: <http://www.rand.org/>
* University of Michigan: <http://css.snre.umich.edu/>; http://www.sca.isr.umich.edu/
* The Conference Board: https://www.conference-board.org/data/bcicountry.cfm?cid=1
* OECD: <http://www.oecd.org/eco/economicoutlook.htm>
* IMF: <http://www.imf.org/external/pubs/ft/weo/2015/01/>

1. **U.S. Government Websites:**

* Statistical Abstracts of U.S.: <https://catalog.data.gov/dataset/statistical-abstract-of-the-united-states>
* International Trade Administration: <http://www.trade.gov/>
* National Renewable Energy Laboratory: <http://www.nrel.gov/>
* National Center for Health Statistics: <http://www.cdc.gov/nchs/>
* U.S. Department of Energy: <http://www.energy.gov/>
* U.S. Energy Information Administration: <http://www.eia.gov/>
* Bureau of Labor Statistics: <http://www.bls.gov/>
* Bureau of Economic Analysis: <http://www.bea.gov/>
* Lawrence Berkeley National Laboratory (Berkeley Lab): <https://www.lbl.gov/>
* U.S. Census Bureau: <http://www.census.gov/>; <http://www.census.gov/econ/bes/>; http://www.census.gov/economic-indicators/
* U.S. Department of Commerce: <http://www.commerce.gov/>; <http://export.gov/>; <http://business.usa.gov/>; <http://www.esa.doc.gov/content/indicators>
* Statistical Abstracts of U.S.: <https://catalog.data.gov/dataset/statistical-abstract-of-the-united-states>; <https://catalog.data.gov/dataset?q=business+expense&sort=none&ext_location=&ext_bbox=&ext_prev_extent=-142.03125%2C8.754794702435617%2C-59.0625%2C61.77312286453146>