

Due: Thursday, February 26, 2009, 11 a.m.

February 19, 2009

To: ECO 235 Students
From: Dr. David Loomis
RE: Writing Assignment #1

The purpose of this assignment is to help you develop your ability to use the basic model of supply and demand to analyze the effects of a change in conditions in a particular market. To complete the assignment you must:

- 1) Read the article entitled "Competition in Local Telecommunications: There's More Than You Think," which appeared in the April, 2005 edition of *Business Economics*. The article is posted on the website.
- 2) Using the memo format that is employed here:
 - i) Briefly summarize the content of the article (don't worry about the econometric models),
 - ii) use a graph of the demand curve for ILEC lines to show the effect of wireless growth, and
 - iii) determine, based on your analysis, what would happen to ILEC lines if the price of wireless phones doubled in price.
- 3) Submit your memo to me at the beginning of class on Thursday, February 26. **Late assignments will NOT be accepted under any circumstances.** The completed assignment must be typed (figures can be hand drawn), and should be approximately 2-3 pages long, exclusive of graphs. **Formatting must include double-spacing, one-inch margins, and normal font size (11 or 12 point).**

Address your memo me.

Attach this assignment sheet to the front of your assignment with the other side facing up. PRINT your name and UID# in the spaces provided.

Required Outline (*You must use section headings to organize your memo*)

I. Introduction/Summary of the article

In the introduction you must

- identify the issue addressed in the article,
- Provide a one to two paragraph summary of the main points of the article (focus on those points that you will analyze in the next section), and
- provide a brief overview of the conclusion(s) that you have reached based on your analysis.

II. Economic Analysis

In this section you will analyze the major points in the article. Describe the topic in economic terms, illustrate graphically the economic effects of the change or changes that have (or will) occurred, and provide a clear explanation of what you are illustrating in your graph.

In conducting your analysis, complete the following steps.

- use a graph of the demand curve for ILEC lines to show the effect of wireless growth, and
- determine, based on your analysis, what would happen to ILEC lines if the price of wireless phones doubled in price.
- Explain why the result you have illustrated graphically can be expected to occur.

III. Conclusion

In a paragraph, indicate how the local telecommunications market is structured and how the local landline and wireless markets are linked.

Content	Low									High
1. Paper responds fully to the assignment, i.e., includes required elements (intro, economic analysis, conclusion).	1	2	3	4	5	6	7	8	9	10
2. Article summary is accurate and complete.	1	2	3	4	5	6	7	8	9	10
3. Economic analysis (verbal) is complete and correct.	1	2	3	4	5	6	7	8	9	10
4. Graphical analysis is complete and correct.	1	2	3	4	5	6	7	8	9	10
5. Conclusion is clearly stated and well supported.	1	2	3	4	5	6	7	8	9	10
6. Overall assessment of content.	1	2	3	4	5	6	7	8	9	10
 Writing quality, grammar, spelling										
7. Sentence structure is good.	1	2	3	4	5	6	7	8	9	10
8. Paper makes correct use of punctuation.	1	2	3	4	5	6	7	8	9	10
9. Paper is free of spelling errors.	1	2	3	4	5	6	7	8	9	10
10. Paper is free of errors in word choice.	1	2	3	4	5	6	7	8	9	10

Weighted score: _____

Percent score: _____

Your grade will be calculated as a weighted average of scores assigned to items 1-10. Items 1 and 7-10 are worth 3 percent each. Item 2 is worth 10 percent. Item 3 is worth 25 percent. Item 5 is worth 10 percent. Items 4 and 6 are worth 20 percent each. Your percentage score on the paper is determined by calculating your weighted score as a percentage of ten.