PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. L. W. GERTMENIAN

MBFE 657

PRICES, PROFIT AND THE MARKET ECONOMY

Tuesday
ENCINO GRADUATE CAMPUS

Wednesday
PASADENA GRADUATE CAMPUS

Thursday
WESTLAKE VILLAGE GRADUATE CAMPUS

6:00 PM to 10:00 PM

FALL 2005

SYLLABUS
PRICES, PROFIT
AND THE MARKET ECONOMY

MBFE 657

Dr. L. W. Gertmenian

• Dr. G:

H - 626 - 359 - 2178    Fax / Message - 626 - 358 - 8654
4 Hidden Valley Road, Monrovia, CA 91016
drg@pepperdine.edu

• Teaching Associates:

Nick Chuvakhin    H - 310 - 600 – 1504    nc@ncbase.com
Steven Ekstrand    H - 626 - 797 – 5225    cyberlaw@earthlink.net
Lisa Haley        C – 626 – 393 – 9511    stirling13@yahoo.com
Jon Neff          H - 562 - 856 – 4241    jonneff@earthlink.net

• Introduction
• Course Description and Objectives
• Course Curriculum
• Procedures and Recommendations
• Course Outline
• Homework Assignments

PLEASE NOTE:

Attendance at the first class meeting is MANDATORY.
The Course Syllabus (pp. 5-16)
should be read thoroughly prior to this session.
PEPPERDINE UNIVERSITY
Graziadio School of Business and Management

West Los Angeles Graduate Campus
Howard Hughes Center
6100 Center Drive
Los Angeles, CA  90045
310-568-5555

Going south on the San Diego Freeway (I-405), exit at the Howard Hughes Parkway, just past the Marina Freeway (90). Turn right onto the Howard Hughes Parkway, right again on Park Terrace Dr., and right again into the parking structure. Cross the patio to the building entrance on the street level.

Going north on the San Diego Freeway (I-405), exit at the Howard Hughes Parkway, just past La Tijera Blvd. Turn onto the Howard Hughes Parkway, turn right on Park Terrace Dr., and right again into the parking structure. Cross the patio to the building entrance on the street level.

Westlake Village Graduate Campus
2829 Townsgate Road, Suite 180
Westlake Village, CA  91361
805-449-1181

Exit the Ventura Freeway (101) at Westlake Blvd. The rear entrance to the Hyatt Plaza Hotel on the south side of the freeway is the easiest access. If you miss this, proceed to Townsgate Road and turn left, and then left again into the Plaza parking lot.

Coming from the rear entrance, turn right, pass the Hyatt Plaza Hotel on your right, turn left before coming to Townsgate Road, pass Red’s Restaurant on your right, pass one building on your left, and park.

Pepperdine is on the ground floor; it’s the first door on your left after you enter the building.

Encino Graduate Campus
16830 Ventura Blvd., 2nd Floor
Encino, CA  91436
818-907-5110

Encino is two miles west of the San Diego Freeway and one mile south of the Ventura Freeway. The Pepperdine Educational Center is on the southeast corner of Balboa Blvd. and Ventura Blvd.

Exit the Ventura Freeway (101) at Balboa Blvd. and drive south ¼ mile. Cross Ventura Blvd. and make an immediate left into the driveway and parking garage.

Pass through the patio to the lobby and take the elevator to the 2nd floor. Bring your parking stub to be validated for a reduced fee.
Long Beach Graduate Campus
One World Trade Center, Suite 200
Long Beach, CA  90831
562-495-0288

Take the Long Beach Freeway (I-710) about 4 miles south of the San Diego Freeway (I-405) until it ends, about 1 mile south of the Pacific Coast Highway. Veer left toward the Downtown-Aquarium-Civic Center exit, and continue bearing left to the Broadway-Civic Center off-ramp which becomes Broadway.

Drive past Daisy Ave. and turn right on Magnolia Ave. Go one block, turn right on Ocean Blvd., and right again into the parking garage for the World Trade Center, the most prominent structure in the area.

Pasadena Graduate Campus
800 E. Colorado Blvd., Suite 850
Pasadena, CA  91101
626-396-1647

From the Foothill Freeway (I-210), go south about ½ mile on Lake Ave. Immediately after passing Colorado Blvd., enter the parking garage from the first driveway on the right. Cross the patio to the north tower and go to the 8th floor.

From the Pasadena Freeway (110), go until the freeway ends and continue north on Arroyo Parkway about one mile. Turn right on Green St. and go east about one mile. Turn left on Hudson Ave. and go north about ½ block. Enter the parking garage from a driveway on the right. Cross the patio to the north tower and go to the 8th floor.
PRICES, PROFIT AND THE MARKET ECONOMY

COURSE DESCRIPTION

This course examines the creation and distribution of goods and services as guided by the price system, the impact of the domestic economic environment and technological change on the behavior of business firms, and producer and consumer behavior in competitive and monopolistic markets. Additional topics include antitrust policy, pollution, poverty, comparative advantage for the firm, internationalization of markets, other global issues, technology, ethical issues, and the economic ramifications of value driven decisions.

INTRODUCTION

Most college graduates reflect on their economics courses with something less than good feelings. Economics is remembered as merely a bunch of useless theories taught by a tenured professor who seemed to bore even himself with this inexplicable science of wavy lines. Exasperated, most succumb to academic bulimia; a cramming binge the night before, purging on the exam, and hoping to never see any of that garbage again. The results are alarming. Economics grades are commonly the lowest of all general education courses. Indeed, studies have shown that five years after graduation, the economic literacy of those surveyed is generally no better than it was when they were entering freshman. As Guido Sarducci explains, after you graduate, you need only remember two words, "supply" and "demand".

But why? The freshman has prepared for college with multiple high school courses in English, math, literature, history, and a variety of life and physical sciences. This is rarely the case in economics. Thus, without a memory matrix to stuff the material into, much of what is taught falls on deaf ears. A second reason is a corollary to the first. The vocabulary of professional economists is unique to them. That is, while the words are common and ordinary, they have narrow and specific meanings known only to the enlightened.

Most of us entered college prepared to be either a "hard" science major, or a "soft" science major. Hard and soft imply the degree to which mathematics is used to explain a particular discipline. They do not refer to the degree of difficulty. Thus, physics and engineering are hard sciences, and philosophy and foreign language are soft sciences. Very few graduate with a hard science major and a soft science minor, or the reverse. But economics is neither hard nor soft; it is a hybrid that requires a simultaneous use of the tools of both. And this is extremely difficult for most.

Therefore, at the outset of the course, to ensure that every student hits the ground running, considerable time will be devoted to developing a memory matrix, defining the vocabulary, and mastering the tools of the discipline. Having done that, we can achieve our objectives:

COURSE OBJECTIVES

- To clarify the concepts of microeconomic analysis and to distinguish them from social philosophy.
- To use these concepts to evaluate current market factors and public policy.
- To enhance the manager's decision-making ability within the context of those factors and policies.
PART ONE               INTRODUCTION

I. Definitions       (VOCABULARY)
   At the outset, such basic words as "methodology", "externality", "marginality",
   and common terms will be given a *prima facie* treatment.

II. History of Economic Analysis   (MEMORY MATRIX)
   It is helpful if the student can acquire a learning matrix within which to "stuff" and subsequently
   locate the number and range of economic theories. For this reason, time is taken at this juncture
   to briefly review the contributions of the people and movements that have greatly influenced
   economic thought.

III. Mathematical Economics    (TOOLS)
   Economics is both a hard and a soft science. Indeed neither philosophic concepts nor
   mathematical tools can, alone, adequately teach the essential lessons of the course.
   Therefore, a brief review of critical algebraic and geometric concepts will be given.

PART TWO               PRICE AND PROFIT

I. Consumer Behavior
   We will begin by explaining how the conduct of a consumer (demand for a good or service)
   is governed by the utility he receives from the use of a given product. The consumer’s
   responsiveness to a price change (elasticity of demand) will be an essential part of the
   student's understanding.

II. Producer Behavior
   Production cost is the vantage point from which we will evaluate the elements of Supply Theory.

III. Supply and Demand Equilibrium
   Theoretically, the market price will equate the quantity supplied with the quantity demanded.
   Price equilibrium will be considered with reference to auctions, sales taxes, interdependent
   markets, and government restrictions.

IV. Profit Maximization
   "Theory of the Firm", as this subject is generally referred to, represents the culmination of
   our Price Theory analysis. The central theme is the interaction between the consumer and
   the producer in their independent efforts to maximize utility and profit. Both competitive
   and monopolistic markets will be considered.

   A rather restrictive set of assumptions makes the theory something less than realistic, but its
   predictive ability and contribution to the student's ultimate understanding of Price Theory
   recommend it highly as a worthwhile subject.
PART THREE SELECTED APPLICATIONS

It is commonly understood that social science theories are restricted to \textit{ex post} narrative rationalizations of what we already know happened. Regrettably, this falsely suggests that one person’s view is as good as another’s. In this regard, economics is a unique discipline. Economic models require a systematic way of thinking about the world \textit{ex ante}. Though every theory does not predict accurately every time, the clarity and power of economic analysis, at once both mathematical and verbal, both deductive and inductive, provide a rigorous if imperfect expertise.

But this clarity and power can spoil you. Once you have a taste of a truly insightful model, you tend to be frustrated with looser speculations. The truth is that the other social sciences have nothing remotely equivalent to the logical framework of economics, and until they find their Adam Smiths, economists must continue to endure their enmity.

The remaining time will be devoted to the study of three subjects which will be facilitated by the students' acquired understanding of Price Theory.

I. Macro Economics

We shall study the basics of fiscal and monetary policy and the relationship between interest rates, inflation, and unemployment. We will consider the impact of macroeconomics and stabilization policy upon the decision-making of the individual firm.

II. Commodity Markets

The problem of parity price supports, food surpluses, and commodity futures will be evaluated.

III. International Trade

We will study classical trade theory, the role of common markets, and the impact of tariffs. Balance of payments problems and other questions of international finance are more appropriately the subject matter of a macroeconomics course.

IV. Finance

We will consider the comparative strengths of proprietorships and corporations, and introduce basic accounting concepts. Our course in microeconomics will conclude by examining security markets, with particular emphasis given to the principles of successful stock market speculation.
1. **SUGGESTED TACTICS**

   a. The class mode is a direct and Socratic confrontation between the professor and the students. These confrontations, how ever loud and up close, are not to be taken personally. They will never affect a grade, nor the friendly relationship the professor enjoys with his students outside the classroom. The classroom is managed as a boardroom; the professor is its chairman. All issues of participant behavior, seating, climate control, *starting and ending times*, and breaks are determined by the board chairman. Of particular concern is the disruptive use of pagers and cell phones (see p. 11, No 7.). Disagreement with, or discomfort caused by, board policies should be taken up with the chairman *privately*.

   b. The principal function of any graduate course is to sharpen each student's thought process. This is best achieved through Socratic argument with the professor, and collaborative discussion with classmates. **Note well:** The use of notes from a previous semester in *preparation for the lecture* is very destructive to this experience. It harms not only the user, but also cheats others out of the opportunity to intellectually muscle their way to conceptual understanding. This is not a class in memorization, it is a class in *thought process*. Those who parrot answers off old class notes are doomed to a poor final exam score.

   c. Since class notes are the predominant source of examination questions, it is generally best if you prepare your own complete set, and do it in your own handwriting. It may be helpful to use two colors of ink to distinguish the "important" material. If you have difficulty with spatial relationships, graph paper may be useful. Tape recorders are encouraged, but **power cords may not be used** because they restrict the mobility of the instructor.

   d. Study groups will be formed during the first class meeting and should meet weekly to compare homework and review class notes; a lecture tape may be useful in this regard. Groups of four or five are optimum for encouraging ample feedback without restricting air time.

   e. Visual as well as aural contact with the professor is essential to a complete understanding of the material. And non-verbal communication skills are critical to your performance as a manager. Therefore, you are requested to put down your writing implements and give your undivided attention during the lecture. From time to time, the professor will pause for note-taking purposes. During this period, specific lecture material will be repeated as often as required to complete your notes. If you need additional time to catch up with your notes, a short delay will be granted then or soon after the request is made.

   f. Feel free at all times to raise questions concerning any relevant material. Occasionally, you will be asked to reserve your question for a later time (minutes or weeks) when it will be more propitious; i.e., easier to answer. When in doubt, ask your question and the instructor will decide if it is relevant or timely. Remember, the only dumb question is the one that is not asked.

   g. Due to the time and duration of class, food and beverages are permitted. However, the professor retains grazing privileges.
COURSE PROCEDURES - Continued

2. READING

   a. The Worldly Philosophers (paperback) by Robert L. Heilbroner is an outstanding survey of the history of economic analysis by one of the best authors in economics. It should be read at the outset of the course.

   b. Economath Primer by L. W. Gertmenian provides a review of the notations and mathematical tools commonly used in economics. The student might benefit most if this handbook is read prior to the lecture and reviewed often during the course. The straightforward explanation of elasticity theory should eliminate the confusion that is often attendant with this essential concept.

   c. How to Buy Stocks (paperback) by Louis Engel is a widely acclaimed text on stock market analysis, and will be most useful during PART THREE of the course. It is an excellent introduction for those who are relatively unfamiliar with the market. William J. O’Neil’s How to Make Money in Stocks is an superb alternative for those who want a more sophisticated text. If the student prefers, A Random Walk Down Wall Street, Stock Market Primer, or Benjamin Graham’s The Intelligent Investor may also be used as alternatives.

   d. THE TEXT: In academic jargon, there are three types of texts; principles, intermediate, and advanced. Principles texts are expected to include multiple treatments of every concept of a discipline, and should be well indexed to provide easy location of the material. They are written for introductory courses usually taken by lower division students. Intermediate texts generally have one treatment of each concept essential to the objectives of a course, and include applications for the practitioner. They are directed at upper division students and those earning masters degrees. Advanced texts are narrowly focused and provide a guide for doctoral students doing basic research.

   e. Do not buy an intermediate text until the second week of the course (after they have been individually assigned by your study group). I do not lecture out of, or strictly follow, any textbook. We will chart our own course through parts one and three of the course and largely follow Alfred Marshall for the second. These texts will help achieve mastery in the major subject of the class (PART TWO of the Syllabus). The best case would have each member of a study group use a different book. This will provide the greatest possible cross-fertilization of applications from a variety of sources. If you have a favorite intermediate text not listed here, please check with the professor before using it as an alternative.

   • Microeconomic Theory and Applications by Edgar K. Browning (2nd biggest seller)
   • Price Theory and Applications by Steven E. Landsburg
   • Microeconomics: Theory and Application by Edwin Mansfield
   (No 1 seller; math examples helpful)
   • Intermediate Micro and Its Application by Walter Nicholson
   (rated highest by PEP MBA’s)
   • Microeconomics by Robert S. Pincycy
   • Exploring Microeconomics by Robert L. Sexton (Seaver College Professor)

   f. If less sophisticated material is needed for clarification, a great number of principles texts are available including ones written by Roger Arnold, George Leland Bach, William J. Baumol, Ralph T. Byrns, Edwin G. Dolan, Richard G. Lipsey and Peter O. Steiner, Roger Miller, Campbell R. McConnell, Paul Samuelson, Paul and Ronald Wonnacott, et. al.
3. LIBRARY RESOURCES

a. Biographical Information:
   - Britannica Online
     (available to current Pepperdine students from on campus or home)
   - Who's Who in Economics
   - Dictionary of Modern Economics (MIT Press)
   **  - International Encyclopedia of the Social Sciences (volume 18-biographies)
     *(a copy of Vol. 18 is kept in the Librarian's Office at Plaza)*
   **  - McGraw-Hill Dictionary of Modern Economics
     (handbook of terms and organizations)
   - New Palgrave: A Dictionary of Economics

b. Biblical Assignment:
   - Bible (a modern translation may be useful)
   - Harper's Topical Concordance
   - Nelson's Complete Concordance of the Revised Standard Version of the Bible
   - Young's Analytical Concordance of the Bible
   - Bible Gateway (http://bible.gospelcom.net/bible?)
   - Canterbury Temple, Salvation Army (http://www.intervis.force9.co.uk/ctsa/sword.htm)

c. PART TWO (Price Theory)
   - Black's Law Dictionary
     (definitions of the terms and phrases of American and English jurisprudence)
   - Dictionary of Modern Economics (MIT Press)
   **  - McGraw-Hill Dictionary of Modern Economics
   - New Palgrave: A Dictionary of Economics

d. Stock Market Analysis
   - Daily Graphs (also see O'Neil Database)
   - Encyclopedia of Banking and Finance
   *  - Handbook of Business and Financial Ratios (Prentice-Hall)
   *  - Handbook of United States Economic and Financial Indicators (Greenwood Press)
   - Industriscope Edition
   - O'Neil Database (pub. weekly by William O'Neil in LA)
   - Standard and Poor's (S&P's) Stock Guide
   - S&P's Stock Reports (available online to current Pepperdine students)
   - Value Line Investment Survey

*  Probably available at Pepperdine University Plaza only.
** Probably available at Pepperdine University Payson Library only.
4. PRICE THEORY ONLINE

An Internet mailing list for the Gertmenian and Ekstrand sections of MBA 657 has been created.

The list is a forum for communication and group discussion. It is a helpful source of information and clarification of both the substantive material and class administrative matters.

To join the Price Theory Mailing List:
Send a blank eMail message to:

**MBA657-subscribe@yahoogroups.com**

That’s it! You’re a new subscriber to our Internet mailing list.

To send a message to the list, address your email to **MBA657@yahoogroups.com**

Your message will be sent to everybody subscribed to the list.

To view the group homepage go to **http://www.yahoogroups.com/group/ MBA657**

You may also subscribe directly from the homepage above. From the subscription page on this site you can select your member settings. You can receive emails as they are sent to the list, in digest form (one message a day including all list traffic), or choose web access only.

On the group homepage there is a calendar, links, a chat forum, and archives. There is also a place to store files so the class can share them. Later in the term, I will be posting practice exams to help you study. I do not allow attachments to go through the list. This protects users with slow or limited access and also offers us some protection against an email spread virus. You’re welcome to post files on the homepage instead of sending them in an email.

Everyone is encouraged to ask questions on the open list so we all benefit from the discussion. If you have any questions that require private attention, you are welcome and encouraged to contact Dr. G or Dr. Steve directly.

For help with the mailing list, contact Dr. Steve at **cyberlaw@earthlink.net**

Note 1: The creation of separate folders is a convenient way to manage the list and reduce distractions. Most eMail programs will perform the required sorting. You can usually sort using a field such as **TO, FROM, or SUBJECT**.

Try using **SUBJECT:** with a contents of **MBA657**

This is a simple way to track and store the information derived from the list.

Note 2: Please do not forward Virus Warnings or the typical Internet jokes to the class list. If you have something really good that you’re dying to share, send it to me and let me take the heat for posting it to the list.

And remember keep it clean, this is Pepperdine, nuff said.
5. HOMEWORK

a. There will be 20 points possible on each of ten assignments. The intent of the homework is to prepare the student in a specific subject prior to its presentation in the classroom. Therefore, all work is to be submitted (placed on the instructor's desk) before the beginning of the lecture.

b. The math problems are assigned for a specific purpose. To a significant degree, they represent the process of economic thinking. Indeed, few ideas are more critical to the economist than the concept of "slope" (or whatever else it might be called, including first derivative, differential calculus, y prime, marginal function, "the rise over the run", et. al.). Substantial class time will be saved by establishing these mathematical tools as a common language at the outset of the course.

c. Begin by attempting all of the homework assignment yourself. Then meet with your study group and compare results. Give special attention to those areas where one or more member's homework is incomplete or confused, being ever mindful of the need to contribute any applications that you know of through reading or experience.

d. Please prepare all work on 8½ by 11 paper. Math problems must be done by hand; i.e., do NOT use a computer to generate the graphs. All other answers should be printed. Handwritten verbal answers will receive a 10% penalty. Where verbal answers are called for, do not phone the professor with an oral response. "Verbal" means "with words" as opposed to using numbers or pictographs.

e. To facilitate grading and filing, please place your NAME, DAY of the week class is held, and the assignment NUMBER in the upper left hand corner of your first page of answers (do not use a cover page); be sure to number your answers; and staple the pages in the upper left corner at a 45° angle to avoid losing pages.

f. Homework will NOT be returned to the student. Please keep the original and SUBMIT a PHOTOCOPY. Have the original (including math problems) with you for review during subsequent classes. It will always be needed for checking your grade on each assignment and studying for exams. If you don't understand a homework score, please call the teaching associate for an explanation. If there is a disagreement over points assigned, please bring it to the professor’s attention for mediation.

g. A 20% penalty will be assessed for any assignment submitted late. You may not submit an assignment twice. In no case will homework be accepted after the respective material has been examined on.

h. If, for whatever reason, you do not turn in an assignment on time, please submit your name on a piece of paper so that the professor doesn't worry about misplacing your work, or worse, inadvertently drop you from the class.

i. Grades will be posted weekly. It is essential to the success of the class that each student take responsibility for knowing who needs help, and providing that help when possible.

NOTE WELL: The work load may seem onerous. It is understood that the first duty of every graduate student is to complain; but not to the professor.
6. EXAMINATIONS

a. Midterms take precisely one hour and are difficult to complete in the time allotted. They are followed by two hours of lecture and then a review of the graded exam (with a little help from my friends). If for any reason you are unable to take a midterm when scheduled, you must notify the professor or his graduate assistant prior to the exam. Failure to do so will result in a course penalty of one half grade; i.e., 5% of the total points possible.

b. Exam format is generally short answer and will require no student-provided materials except a pen with a dark color of ink and a straightedge (a credit card will do).

c. Last names are sufficient answers for exam questions on the economists. Answer True-False questions with a complete word (do NOT use T or F), and multiple choice questions with a capital letter (A, B, C, D, or E).

d. Calculators or other alphanumeric devices, bluebooks, and scratch paper are NOT to be used during examinations. Use the back of the page if more room is necessary to prepare or present your answer, and call attention to this with a note.

e. Please, please, please, keep your eyes on your own paper, and your answers covered. The use of, or sound from, any communication device during an exam is absolutely forbidden. If you need a hint or clarification during the exam, ask the professor.

f. As a courtesy to your fellow students attempting to concentrate, please do NOT leave your seat during the last five minutes of an exam.

g. If a midterm exam cannot be taken as scheduled, arrangements should be made with the professor for a make-up exam. If arrangements cannot be made, the professor reserves the right to prorate all other course work to compensate for a midterm not taken.

h. While the final exam is scheduled for three hours, most students will finish in about 150 minutes.

i. There will be no pop quizzes.

j. The professor does not presume to tell a graduate student how to prepare for an exam. However, from time to time, students have asked for advice. Each of the following may (or may not) prove useful:

- A good night's sleep THE NIGHT BEFORE the night before.
- A complete set of self-written notes with all important material in RED, and support material in blue or black.
- Lecture tapes.
- Flash cards.
- DARK chocolate or Ginkgo Biloba (sold at health food stores) may improve short-term memory.
- Given that the ear is the captain of the nervous system, ten minutes of classical music (e.g., MOZART'S Sonata for Two Pianos in D Major, K. 488) may provide temporary help.
- Be careful of diet drinks containing PHENYLALANINE (NutraSweet) as it may hinder short-term memory.
7. GRADING  (A class "curve" will **NOT** be used to determine or affect grades.)

a. There are 700 total points possible:

200 Homework (plus 5 bonus points possible on Assignment N° 10)
100 First midterm exam on the course INTRODUCTION (1 hour, 5th Meeting)
100 Second midterm exam on PRICE AND PROFIT (1 hour, 10th Meeting)
200 COMPREHENSIVE Final Exam (3 hours)
100 Class Participation (See Note N° 10 below.)

b. A university point scale will be used:

<table>
<thead>
<tr>
<th>%</th>
<th>Total</th>
<th>Grade</th>
<th>GPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>93%</td>
<td>(651)</td>
<td>A</td>
<td>4.0</td>
</tr>
<tr>
<td>90%</td>
<td>(630)</td>
<td>A-</td>
<td>3.7</td>
</tr>
<tr>
<td>87%</td>
<td>(609)</td>
<td>B+</td>
<td>3.3</td>
</tr>
<tr>
<td>83%</td>
<td>(581)</td>
<td>B</td>
<td>3.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>%</th>
<th>Total</th>
<th>Grade</th>
<th>GPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>(560)</td>
<td>B-</td>
<td>2.7</td>
</tr>
<tr>
<td>77%</td>
<td>(539)</td>
<td>C+</td>
<td>2.3</td>
</tr>
<tr>
<td>73%</td>
<td>(511)</td>
<td>C</td>
<td>2.0</td>
</tr>
<tr>
<td>70%</td>
<td>(490)</td>
<td>C-</td>
<td>1.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>%</th>
<th>Total</th>
<th>Grade</th>
<th>GPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>67%</td>
<td>(469)</td>
<td>D+</td>
<td>1.3</td>
</tr>
<tr>
<td>63%</td>
<td>(441)</td>
<td>D</td>
<td>1.0</td>
</tr>
<tr>
<td>60%</td>
<td>(420)</td>
<td>D-</td>
<td>0.7</td>
</tr>
</tbody>
</table>

8. PAGERS AND CELL PHONES

Students have complained so vociferously about the disruption and perceived rudeness of sounds from communication devices, that the following policy has been adopted:

**Unless agreed to by the professor in advance, each disruption caused by a pager or cell phone during class will invoke a 6-point penalty charged against the student’s grade; i.e., the final numerical total will be reduced by approximately one percent.**

Do not hesitate to use vibrate mode and quietly excuse yourself from the room. This will in no way disrupt the class and allows you to handle your private business.

9. ATTENDANCE POLICY

**Attendance at the first class meeting is MANDATORY.** During the rest of the semester, I recognize that each of you has responsibilities that must, from time to time, assume a higher priority than learning economics. It is the student’s responsibility to make arrangements, with the professor, for make-up work if necessary. It is strongly recommended that notes tapes from missed lectures be obtained from your group members or classmates.

10. UNIVERSITY POLICY ON CONDUCT AND DISABILITIES

GSBM students are expected to respect personal honor and the rights and property of others at all times. The University rules on conduct can be found in the GSBM Catalog. Additionally, students with disabilities are encouraged to familiarize themselves with the University’s policies on disabilities also found in the GSBM Catalog or contact the University’s equal opportunity officer, at 310-506-6500.
11. CLASS PARTICIPATION

a. At the outset of each subject covered, basic concepts and vocabulary will be introduced. This will provide a foundation for continual interaction among class participants as they comprehend the parameters and analytical tools of the material. The professor's intent throughout will be to raise the level of sophistication as quickly as possible and thereby encourage enlightened interchange.

b. To facilitate class participation and reduce professorial embarrassment, please use a two-sided nameplate during each class throughout the semester without being asked. (Simply fold an 8½ by 11 paper piece of paper into three lengthwise sections, use one side as a base, and put the name you wish to be called on the other two sides with a BROAD-TIPPED black marker.)

c. Every class has a few leaders whose conduct is a positive force in establishing the attitude and learning environment of that class. Unfortunately, there are also on occasion students whose behavior is dysfunctional. Usually a class will "tilt" toward the dominant group (10 to 20%) and the subsequent difference in academic achievement can be dramatic.

d. Leaders come to class prepared, form study teams, assist their peers, and look at education as an opportunity to expand their range and depth of knowledge however it may be defined. Obstructionists reject learning what they don't already know, quibble over grade points during class time, and have an endless supply of complaints such as: "Why do we have to print our homework"; "Why must we memorize for the exam"; "Why do we have to use mathematics"; "What does this subject have to do with my job"; and "How come you didn't tell us where to find the answers to the homework?" Leaders light a candle; obstructionists curse the darkness.

e. Near the end of the course, a sociogram (see Assignment No 10) will be completed by all students, thereby ranking each participant's influence on the class. This exercise is mandatory and must be completed to receive a course grade. A penalty of ten points will be assessed if this assignment is not submitted on time. It is recommended that each student read the evaluation form at the outset of the course to avoid surprises at the conclusion of the course.

The highest percentage (the subtotal of all homework and exams divided by 600), achieved by the "top" student in the class, will be assigned to the student who ranks highest on the sociogram; the second highest percentage will be assigned to the student who ranks second on the sociogram; • • •; and the lowest percentage will be assigned to the student who ranks lowest on the sociogram.

A collaborative environment is so critical for maximizing student benefit, that the professor has chosen to measure individual contribution to that environment with this instrument. While uncomfortable for some, a sociogram has proven to be both revealing and fair, while the student to yet another management tool.

f. An additional bonus will be awarded based on class performance (the class mean average on homework and exams). For each point ABOVE 83% that the class achieves, each member of the class will receive one bonus point. For example, if the class mean average after the final exam is 88%, each student will have five (5) points added to his or her total score.

The total (homework + midterms + final exam + sociogram score + class mean average bonus minus communication-device penalties) will then be divided by 700 to determine the course grade.
12. **EDUCATION IS HARD WORK -- An essay by Sydney Harris**

You must drill through mud and water to get oil, sift through sand and silt to get gold, and chop through rocks and minerals to get diamonds. So why is it commonly believed that the treasure of ideas can be acquired with little or no effort?

The conventional wisdom is that education should be painless. But this doesn't apply to any other discipline. Athletes train to the point of exhaustion to obtain mastery over a sport. Auto mechanics return to technical school to understand the new electronic gadgetry. And business executives toil amid the increasing complexity of global competition.

Only when it comes to the great thinkers and writers, the theorists of ideas, the scholars and sages, only then do we complain of difficulty, as though the hardest thoughts should be the easiest to express. While everything else in the world is getting more complicated, the student seeks the simple synopsis, the bottom line, the watered-down version. Watered-down indeed.

Be it Aristotle, or Mohammed, or Shakespeare, you must first learn how to read them, just as you must first learn how to drill for oil, or pan for gold, or dig for diamonds. And there is much silt and mud and rock in the works of these authors that must be discarded in the process.

When there is great depth, there is also darkness. You can not go down into a diamond mine and find sunlight. You must bring your own lantern and sweat and strain for your reward. Indeed, an adventure without exertion is as empty as a romance by e-mail, and as profitless.

Whatever else educating ourselves may be, it cannot be easy. It cannot be painless. It cannot be spoon-fed. But it can be a delight, as any difficult challenge can be a delight, if we look upon it as an adventure, rather than an inconvenience or a burden.
PART ONE INTRODUCTION

I. Definitions

A. Theory
   1. Common Usage
   2. Methodology
   3. Conditions
   4. Normative Ambiguity

B. Economics
   1. Study of Scarcity
   2. Economy vs. Efficiency
   3. Hard vs. Soft Science
   4. Macro, Micro, and Megaeconomics
   5. Statics vs. Dynamics
   6. Marginality
   7. Opportunity Cost

C. Applications of Economics
   1. What to Produce
   2. How to Produce
   3. For Whom to Produce
   4. When to Produce
   5. Where to Produce

II. History of Economic Analysis

A. Pre-Classical Period
   1. Religion
   2. Chinese Philosophers
      (Confucius, Sun Tzu, and Mencius)
   3. Greek Philosophers
      (Plato and Aristotle)
   4. Scholastics (St. Thomas Aquinas)
   5. Mercantilists
      (Thomas Mun and Jean Colbert)
   6. Physiocrats (François Quesnay)

B. Classical Economists
   1. David Hume
   2. Adam Smith
   3. Thomas Robert Malthus
   4. David Ricardo
   5. John Stuart Mill
   6. Karl Heinrich Marx

C. Marginalists
   1. Carl Menger
   2. William Stanley Jevons
   3. Leon Walras

D. Neo-Classical Economists
   1. Alfred Marshall
   2. Vilfredo Pareto
   3. Francis Ysidro Edgeworth
   4. John Maynard Keynes
   5. Joseph Alois Schumpeter

E. Modern Economists
   1. Friedrich August von Hayek
   2. John Kenneth Galbraith
   3. Milton Friedman
   4. Paul Anthony Samuelson

III. Mathematical Economics (Refer to the Economath Primer)

A. Common Notation
   1. Specific Economic Usage
      (see Notes A and B)
   2. General Mathematical Usage
      (see Note C)

B. Common Terms and Operations
   1. Algebra (see Note D)
   2. Geometry (see Note E)

C. Concept of Slope
   1. Graphical Analysis (see Note F)
   2. Differentiation (see Note G)
   3. Economic Applications (see Note H)
PART TWO  PRICE AND PROFIT

I. Consumer Behavior

A. Utility
   1. Introduction
      a. Price is an Equilibrium
      b. Supply is a Derivative of Cost
      c. Demand is a Derivative of Utility
      d. Two Methods of Measuring Utility

2. Cardinal Utility
   a. Total Utility
   b. Marginal Utility (Walras)
   c. Law of Diminishing Marginal Utility
   d. Derived Demand
   e. Consumer Surplus (Marshall)

3. Ordinal Utility
   a. Indifference Curve (Edgeworth)
   b. Budget Constraints
   c. Indifference Curve Map
   d. Derived Demand

B. Demand
   1. Introduction
      a. Effective Demand
      b. Demand Shift

   2. Law of Downward Sloping Demand
      a. Normal Goods
      b. Conspicuous Consumption (Thorstein Veblen)
      c. Inferior Goods (Sir Robert Giffen)

   3. Elasticity
      (see Note O in the Economath Primer)

   4. Revenue
      (see Note P in the Economath Primer)

II. Producer Behavior

A. Cost
   1. Total Cost = Fixed Costs + Variable Costs
      a. Fixed Costs
      b. Variable Costs
      c. Total Costs and Normal Profit

2. Marginal Costs
   a. Slope of Total Costs
   b. Diminishing Returns

3. Average Costs
   a. Average Fixed Costs
   b. Average Total Costs
   c. Minimum Average Costs

B. Supply
   1. Introduction
      a. Supply is the Derivative of Marginal Cost
      b. Aggregate Supply
      c. Elasticity of Supply

   2. Supply Curves
      a. Increasing Costs
      b. Decreasing Costs
      c. Constant Costs
      d. Fixed Supply

   3. Time Periods
      a. Long-Run
      b. Short-Run
      c. Momentary
III. Supply and Demand Equilibrium

A. Auctions
   1. Introduction
      a. Walrasian Equilibrium
      b. Partial vs. General Equilibrium
   2. Legal Contracts (Man-made Law)
      a. Offer, Acceptance, and Consideration
      b. Statute of Frauds
   3. Types of Auctions
      a. Auction With Reserve
      b. Auction Without Reserve
      c. Dutch Auction

B. Tax Incidence
   1. Introduction
      a. Concept of Ultimate Burden
      b. Elasticity of Supply and Demand
      c. Graphical Analysis
   2. Extreme Conditions
      a. Totally Elastic Supply
      b. Totally Elastic Demand
      c. Totally Inelastic Supply
      d. Totally Inelastic Demand
   3. Special Cases
      a. Tariffs
      b. Superstars
      c. Subsidies

C. Interdependent Markets
   1. Introduction
      a. Equilibrium
      b. Dynamics
   2. Comparative Statics
      a. Substitution Goods
      b. Complementary Goods
      c. Factor Goods
      d. Graphical Analysis

D. Government Intervention
   1. Introduction
      a. Caveat Emptor
      b. Government Paternalism
      c. Black Markets
      d. Income Redistribution
   2. Wage and Price Controls
      a. Minimum Wages
      b. Rent Ceilings

IV. Profit Maximizing in a Competitive Market

A. Assumptions of Perfect Competition
   1. Market Price
      a. The Single Firm
      b. Collusion
      c. Totally Elastic Demand
   2. Homogeneous Product
      a. Standardized Commodities
      b. Differentiated
         (Non-Homogeneous) Products
   3. Free Enterprise
      a. Free Entry
      b. Free Exit

B. Decision Points
   1. Shut-Down Point
      a. Total Revenue = Variable Costs
      b. Graphical Analysis
   2. Break-Even Point
      a. Total Revenue = Total Costs
      b. Graphical Analysis
   3. Profit Maximization Point
      a. Profit = Total Revenue - Total Costs
      b. Graphical Analysis
      c. Algebraic Analysis

C. Perfect Competition Model
   1. Applicable Functions
      a. Marginal Cost
      b. Average Cost
      c. Demand
      d. Average Revenue
      e. Marginal Revenue
   2. Equilibrium
      a. Price and Quantity
      b. Excess Profit
      c. Long-Run Equilibrium
V. Non-Competitive Markets

A. Monopoly (single seller) and Monopsony (single buyer)
   1. Introduction
      a. Greek Root: Monos
      b. No Close Substitute
      c. Continuum of Economic Activity: Perfect Competition vs. Monopoly
   2. Profit Maximization
      a. Equilibrium
      b. Welfare Effects
   3. Government Regulation
      a. Major Legislation
      b. Utility Commissions and Essential Services

B. Monopolistic Competition (Edward H. Chamberlin)
   1. Introduction
      a. Imperfect Competition (Joan Robinson)
      b. Definitions of Oligopoly and Oligopsony
      c. Oligopolistic Industries (Few Sellers)
   2. Oligopoly Model
      a. Price Stability
      b. Discontinuous Marginal Revenue Function
   3. Collusion
      a. Merger (Explicit)
      b. Cartel (Explicit)
      c. Price Fixing (Implicit)

C. Price Discrimination (Joan Robinson)
   1. First Degree (Perfect Price Discrimination)
      a. Elasticity of Demand
      b. Consumer Surplus
   2. Second Degree (Quantity Discounts)
   3. Third Degree (Market Separation)
      a. Time
      b. Labeling
      c. Geographic
      d. Profit Potential
COURSE OUTLINE  - Continued

PART THREE  SELECTED APPLICATIONS

I. Macro Economics

A. Introduction
1. Measurements
   a. GNP/GDP
   b. Consumer Price Index
2. Historical Perspective
   a. Keynesians
   b. Monetarists

B. Policy Tools
1. Fiscal Policy
   a. Discretionary Fiscal Policy
   b. Automatic Stabilizers
   c. Supply-Side Fiscal Policy
   d. Laffer Curve
   e. Budget Debate
2. Monetary Policy
   a. Money Supply
   b. The Federal Reserve
   c. FMOC
   d. Interest Rates

C. Issues
1. Inflation
   a. Demand-Pull
   b. Cost-Push
   c. Money, Interest Rates, and Inflation
   d. Liquidity Trap
2. Unemployment
   a. Sticky Wages
   b. Minimum Wage Laws
   c. Phillips Curve
   d. FEUR

II. Commodity Markets

A. Commodity Futures
1. Introduction
   a. Contract of Ownership
   b. Chicago Board of Trade
2. Speculation
   a. Concept of Risk
   b. Margin Requirement

B. Historical Review
1. Population Shift
   a. Agricultural Work Force
   b. Disguised Unemployment
2. Malthusian Prophecy
   a. Poor Nations
   b. Rich Nations
3. Price Stability
   a. Inelasticity of Demand
   b. Inelasticity of Supply
   c. Fallacy of Composition

C. Government Assistance
1. Introduction
   a. Physiocracy
   b. State Land-Grant Colleges
   c. Federal Farm Board
   d. Relief Payments
2. Changes in Demand
   a. Food Stamps and School Lunch Programs
   b. Foreign Trade and Tariff Agreements
   c. Public Law 480
3. Changes in Supply
   a. Crop Limitation Programs
   b. Technical Assistance
   c. Parity Prices

D. Price Supports
1. Two Major Programs
   a. Government Purchase
   b. Price Differential
2. Pros and Cons
   a. Food Cost to the Consumer
   b. Elasticity of Demand
   c. Farmers
   d. Foreign Goodwill
3. Impact
   a. Short-Run Supply
   b. Long-Run Supply
4. Legislation
   a. Countervailing Interests
   b. Solutions
III. International Trade

A. Trading Partners
   1. Free Trade Area
      a. Characteristics
      b. Examples
   2. Customs Union
      a. Characteristics
      b. Examples
   3. Common Market
      a. Characteristics
      b. Examples

B. Theory of Comparative Advantage
   1. Ricardo's Basic Concept
      a. Definition
      b. Example
   2. Classical Case Study
      a. The United Kingdom and Portugal
      b. Advantages of Trade
      c. Monetary Comparison
   3. Equilibrium
      a. Limits of Trade
      b. Terms of Trade

C. Tariffs
   1. Tariff Implications
      a. Economic Growth and Development
      b. Production Possibilities and Efficiency
      c. Welfare Effects
   2. Protection Arguments
      a. Infant Industries
      b. National Security
      c. Retaliation
      d. Scientific Tariff
      e. Balance of Trade
      f. Unemployment and Unions
      g. Tax Revenue

D. Non-Tariff Barriers
   1. Import Limitations
      a. Quotas
      b. Import Licenses
      c. Exchange Control
   2. Local Standards and Cultural Differences
      a. Language and Customs
      b. Labeling Laws
      c. Buy-American Campaigns
   3. Cost Differences
      a. Subsidies
      b. Transportation

IV. Finance

A. Business Organization
   1. Proprietorships and Partnerships
      a. Definitions
      b. Characteristics
   2. Corporations
      a. Definition
      b. Advantages of the Corporate Form
      c. Disadvantages of the Corporate Form

B. Accounting
   (See Note Q in the Economath Primer.)
   1. Statement Definitions
      a. Balance Sheet
      b. Income Statement
   2. Basic Equations
      a. Current Ratio
      b. Illiquidity and Insolvency
   3. Bankruptcy

C. Corporate Finance
   1. Debt
      a. Characteristics of a Bond
      b. Cash Value
   2. Equity
      a. Characteristics of Stocks
      b. Preferred Stock Variations
      c. Securities Exchange Commission
   3. Risk
      a. Marginal Utility of Gambling
      b. Rules of Gambling
      c. Hedging
      d. Arbitrage

D. Stock Market
   1. Introduction
      a. Market Operations
      b. Leverage
      c. Periodicals
   2. How to Pick a Stock
      a. Define the Client's Needs
      b. Value Analysis
      c. Decision Matrix
      d. Technical Analysis
         (Decision Timing)
   3. Speculation Requirements
      a. Money Management
         (the Ultimate Rule)
      b. Information
HOMEWORK ASSIGNMENTS

ASSIGNMENT: № 1
DUE: 2nd Meeting
SUBJECTS: Economic Analysis and Mathematical Economics

A. (1. - 4.) Read Notes A through F of the Economath Primer
   and do the steps requested for problems 1 through 4 in Note R.

B. (5. - 12.) Read chapters 1 through 4 of Heilbroner's Worldly Philosophers and submit EIGHT short-answer test questions with answers; i.e., TWO ON EACH CHAPTER.

   • The questions must be "reasonable" for a "one-time" reader; i.e. they should require a conceptual understanding rather than pure recall.

   • Each question must be written in 25 words or LESS, require a one, two, or three-word answer, and be free of ambiguity; i.e., have only one appropriate answer. (Test this requirement with the other members of your study group.)

   • Do NOT submit true-false or multiple-choice questions.

C. (13.-17.) Identify each of the five men listed below by stating their dates of birth and death, and give a short statement (FEWER than 50 words) that describe EITHER the man OR his work.

   The intent of this section (and those like it in future assignments) is merely to ensure a prima facie recognition of the authors. Thus when their contributions are discussed in class, there will be a "memory matrix" already in place to hold the information.

   13. Confucius
   14. Mencius
   15. Plato
   16. Aristotle
   17. St. Thomas Aquinas

D. See the following page.
D. (18. - 20.) Submit one CHRISTIAN Normative Ambiguity (18. and 19.) taken from two places in the first four books of the New Testament. Then explain (20.) how these two tenets (or parables) might be inconsistent within the context of some business application; i.e., tell why your two tenets are normatively ambiguous.

NOTE: Each member of a group must submit a unique pair of tenets.

NORMATIVE AMBIGUITY defined: TWO tenets of social behavior that suggest counter-directional outcomes when applied arbitrarily to the same set of circumstances.

Here are three ANGLO-SAXON examples on activism:

- "Nothing ventured, nothing gained." (Anonymous) vs. "One bird in the hand is worth two in the wood." (Thomas Lodge)
- "If at first you don't succeed, try, try again." (William Edward Hickson) vs. "No use beating a dead horse." (Anonymous)
- "He who hesitates is lost." (Anonymous) vs. "Look before you leap." (Samuel Butler)

NOTE: A modern translation may facilitate the investigation. A Bible concordance might also prove useful.

- State EACH tenet (including the citation; i.e., book, chapter, and verse) and explain its relevance to economics (e.g., labor, activism, profit, wealth, debt, taxes, welfare, etc.).
- Omit non-Christian citations (e.g., "an eye for an eye and a tooth for a tooth" from Hammurabi's Code) and statements you can't find (e.g., "the Lord helps those who help themselves").

NOTE: This assignment is not given to attack anyone's religious feelings or convictions. For our purposes, investigating the impact of religion, we are reading the Bible as magnificent literature, NOT as holy scripture.

The existence of Normative Ambiguity does not imply that the teachings of Christ are contradictory a priori, but rather, that these tenets, if applied by differing minds, may lead to different conclusions.

Remember, the student must avoid any moral interpretations and evaluate the tenets strictly in terms of economic application. It is irrelevant whether or not the statements are taken out of context. E.g., when Jesus cures two men possessed of evil spirits by casting out the devil and driving them into a herd of swine which plunges over a steep cliff and perishes (Matthew 8:32), it could be pointed out that no consideration was given to the pig farmer's lost investment. CAVEAT: This is NOT an example of a Normative Ambiguity; but merely an example of a SINGLE literal interpretation.

Students who feel that "there are no contradictions in God's Holy Bible" or that this assignment is a "sin against God", might consider that the assignment is intended to further the learning process and their contributions to any discussion will be beneficial to their classmates.
A. Identify each of the men listed below by stating their dates of birth and death, the title of their major work in economics, AND a brief note (FEWER than 50 words) on the PERSONAL life of each.

1. François Quesnay
2. David Hume
3. John Stuart Mill
4. Thomas Mun and Jean Colbert

B. (5. - 13.) Read Notes G and H of the Primer and do problems 5 through 13 in Note R.

C. (14. - 20.) Read chapters 5 through 8 of the Worldly Philosophers and submit SEVEN short-answer test questions with answers. NOTE: Draw AT LEAST ONE question from each of the four chapters. Follow the same modus operandi outlined in Assignment № 1.
A. (1. - 6.) Read chapters 9 through 11 of the Worldly Philosophers and submit SIX short-answer test questions (with answers); i.e., TWO ON EACH CHAPTER. Follow the same modus operandi outlined in Assignment № 1.

B. Read the introductory chapter of your intermediate text.

C. Identify each of the men listed below by stating their dates of birth and death, the title of their major work in economics, AND a brief note (FEWER than 50 words) on the author's PERSONAL life.

7. Carl Menger  
8. Leon Walras  
9. Alfred Marshall  
10. Vilfredo Pareto  
11. Francis Ysidro Edgeworth  
12. Joseph Alois Schumpeter  
13. Friedrich August von Hayek

D. (14. - 20.) Do problems 14 through 20 found in Note R of the Primer.
ASSIGNMENT:  No 4
DUE:  6th Meeting
SUBJECT:  Consumer Behavior

A. Read any three chapters in your intermediate text and additional materials as needed for the questions that follow.

NOTE WELL: Do not read text book chapters on ELASTICITY theory until the subject is covered in class.

1. Describe in FEWER than 50 words, one APPLICATION of consumer behavior theory that you found in your intermediate text.

2. Describe in FEWER than 50 words, one APPLICATION of consumer behavior theory from your own experience.

3. What is an Indifference Curve?

4. Why is an Indifference Curve convex to the origin?

5. Describe VERBALLY how a change in Money Income would alter the consumer's Indifference-Curve/Budget-Constraint equilibrium; and use a GRAPH to illustrate your answer.

6. Describe VERBALLY how a change in Price would alter the consumer's Indifference-Curve/Budget-Constraint equilibrium; and use a GRAPH to illustrate your answer.

7. VERBALLY describe a "change in demand" (i.e., give an example), explain what would CAUSE this change to take place, and use a GRAPH to illustrate your answer.

8. VERBALLY describe a "change in the quantity demanded", explain what would CAUSE this change to take place, and use a GRAPH to illustrate your answer.

9. What is a "substitution effect"?

10. What is an "inferior good"?

B. The Brazilian government used to burn a substantial portion of the coffee harvest in order to increase the revenue from coffee exports.

11. What description of consumer behavior would be ESSENTIAL in order to make this policy economically beneficial to Brazil?

12. From the perspective of producer behavior, what other market condition would be ESSENTIAL in order for this policy to be successful?

13. What impact would this policy have on the consumer's budget constraint? Use a GRAPH to illustrate your answer.

C. Read Notes O and P of the Primer and do problems 21 through 27.
A. Read any three chapters in your intermediate text and additional materials as needed for the questions that follow. **NOTE WELL:** Except for the *Economath Primer*, do **NOT** read text book chapters on elasticity theory until the subject is covered in class.

1. **VERBALLY** explain what Fixed Costs are.
2. Illustrate FC with a **GRAPH**.
3. **VERBALLY** explain what Variable Costs are.
4. Illustrate VC with a **GRAPH**.
5. **VERBALLY** explain what Marginal Costs are.
6. Illustrate MC with a **GRAPH**.
7. **VERBALLY** explain what Average Costs are.
8. Illustrate AC with a **GRAPH**.
9. Draw a **GRAPH** showing the long-run supply curve of an industry experiencing decreasing costs.
10. Draw a **GRAPH** showing the long-run supply function of an industry experiencing constant costs.
11. Give a **VERBAL** description of the elasticity of supply of the function in the question above.
12. Draw a **GRAPH** illustrating an industry with a fixed supply.
13. Give a **VERBAL** description of the elasticity of supply of the function in the question above.
14. Distinguish the long-run from the short-run as it pertains to the elasticity of supply. Use a graph to illustrate your answer.

B. A musical comedy producer recently said: "The funny thing is that we're not having trouble selling orchestra seats at $50, but we’re losing money because we can’t sell the cheap seats." You are hired as a consultant to solve this "real world" problem.

15. Using your understanding of marginal utility, recommend a solution.
16. Using your understanding of demand elasticity, recommend a solution.
17. Using your understanding of supply theory, recommend a solution.

C. A burglar-alarm company specializing in high-rise apartments agrees to install a central-station system in a large building for a uniform charge of $20 per apartment. The landlord guarantees a minimum purchase of 100 units. To encourage a larger number of tenants to buy, the company offers to deduct 10 cents from the $20 price for every installation in excess of 100; for example, if 110 apartments were to participate, **ALL** units would be priced at $19.

18. Use **CALCULUS** to find the number of installations that would generate the highest TR. **SHOW YOUR WORK.**

D. Milton Friedman is responsible for developing and popularizing the **NEGATIVE INCOME TAX** concept.

19. Explain how it works.
20. How would its implementation affect the Social Security Administration?
ASSIGNMENT:  N=6
DUE:  8th Meeting
SUBJECTS:  Supply and Demand Equilibria

A. Read any three chapters in your intermediate text and additional materials as needed.

B. Tax Incidence
   1. What is meant by the term "incidence of tax"?
   2. Explain the relationship between elasticity and tax incidence.
   3. If the government were to impose a tax on the sale of salt, upon whom would the incidence of the tax fall? Explain your answer.
   4. Use a Marshallian Cross to demonstrate your answer to the above question.
   5. If the government were to impose a tax on the sale of television sets, who would incur the burden of the tax? Explain your answer.
   6. Use a Marshallian Cross to demonstrate your answer to the above question.

C. Interdependent Markets
   7. What is a "substitution good"?
   8. Assume that an article in the Journal of the AMA reduced the perceived MU of coffee. In what way would you expect the tea market to be affected?
   9. Use two Marshallian Cross graphs to describe the markets in the above question.
   10. What is a "complementary good"?
   11. Assume that the marginal cost of chips was to fall and thereby reduce the price of microcomputers. In what way would you expect the software market to be affected?
   12. Use two Marshallian Cross graphs to describe the markets in the above question.

D. Government Intervention
   13. What is a "black market"?
   14. Define the term "caveat emptor".
   15. In 1976, a British physician, Dr. Max Gammon, developed the "theory of bureaucratic displacement". Explain this theory popularized by Milton Friedman.
   16. What is Parkinson's Law?

E. Minimum Wage
   17. Give a VERBAL description of the elasticity of supply of workers generally affected by minimum wages.
   18. Considering their members usually earn SIGNIFICANTLY above the minimum wage, why do labor unions favor raising minimum wages?
   19. Minority groups generally favor raising minimum wages. EVALUATE the wisdom of their position.

F. Assume you have been hired as a marketing manager with orders to help maximize profits. The firm's sales records indicate that profit is a function of advertising (A); i.e., \( \pi = 40A - 2A^2 \)

   20. Use CALCULUS to determine the optimal advertising budget. SHOW YOUR WORK.

G. Read Assignment N=8, Part D, and Assignment N=10, Part B.
   Depending on your trimester schedule, it may prove helpful to initiate interviews with the stockbroker and corporate executive earlier in the term than suggested by these instructions.
ASSIGNMENT:  No 7  
DUE:  9th Meeting  
SUBJECTS:  Profit Maximization in Competitive and Non-Competitive Markets  

A. Read any three chapters in your intermediate text and other materials as needed.  

B. Define each of the following terms and then describe what conditions must exist for each of them to occur.  NOTE WELL:  Your answer must be applied to all firms, not merely competitive ones.  

1. Shut-Down Point  
2. Break-Even Point  
3. Profit Maximization Point  

C. Perfect Competition  

4. What is the single most important assumption of the Perfect Competition Model?  
5. How is the assumption asked for in the above question reflected in the demand curve faced by a perfect competitor?  
6. Distinguish homogeneous products from differentiated products.  
7. What is meant by "Free Entry"?  
   Give an example of what might annul such a free market assumption.  
8. What is meant by "Free Exit"?  
   Give an example of what might annul such a free market assumption.  
9. Draw a LONG-RUN Perfect Competition Model (ONE GRAPH) for an individual firm displaying each of the following: demand, AR and MR functions, MC and AC functions, equilibrium price and quantity.  

D. Imperfect Competition  

10. Define and distinguish the following:  
   a. "monopsony" and "oligopsony" (Give an example of each.)  
   b. "maximum" and "optimum"  
11. Draw a Monopoly Model (ONE GRAPH) displaying each of the following: Demand, AR and MR functions, MC and AC functions, equilibrium Price and Quantity, and Excess Profit.  
12. Draw an Oligopoly Model displaying each of the items listed in question 11.  
13. Explain why an oligopolist's marginal revenue function is discontinuous.  

E. Anti-Trust Legislation  

14. Distinguish a "TRO" from a "Preliminary Injunction".  
15. Identify the FTC in fewer than 50 words.  
16. What is the raison d'être of a utility commission?  

F. Price Discrimination  

17. Define the term "price discrimination".  
18. What is the "perfect" price discriminator trying to "capture"?  
19. Explain what is meant by "Peak-Load Pricing".  
20. How would a price discriminator use "Tie-in-Sales" to separate a market?
ASSIGNMENT:  № 8
DUE:  11th Meeting
SUBJECTS:  Agriculture, International Trade, and Finance

A. (1. - 5.) Agriculture--explain what is meant by each of the following:

1. Soil Banking vs. Payment in Kind (PIK)
2. Parity Price Support Programs (Government Purchase vs. Price Differential)
3. GATT and Public Law 480 (of 1954)
4. CBT, et. al.
5. Margin on a Commodities Market

B. (6. - 12.) International Trade

6. Define the Law of Comparative Advantage in fewer than 30 words. Then give an example.
10. - 12. Give three examples of "non-tariff barriers" to trade.

C. (13. - 15.) Economics of Risk. Read Note L of the Primer and then consider the following:

In a "fair" bet, the expected return (E = output ÷ input) is commensurate with the probability of success (P); i.e., P(E) = 1. Thus, if P = 0.5, E must equal 2; or if P = .25, E must equal 4.

13. If the probability of success is 5% and the bet is $25, how big must the payout be if the bet is FAIR?
14. Using the terminology of probability theory, explain why revenue producing state-run lotteries are a poor bet.
15. From your understanding of marginal utility theory, explain why a FAIR BET is a poor bet.

D. (16. - 20.) Equity Analysis

16. - 18. Read the first half of the book you have selected on the stock market (e.g., Engel’s How to Buy Stocks or O’Neil’s How to Make Money in Stocks) and submit THREE short-answer test questions (with answers). Follow the same modus operandi outlined in Assignment № 1.

19. Read Assignment № 10 thoroughly. Describe your progress to date in completing Assignment № 10. What company have you selected? Whom have you contacted in the firm? Have you met with your contact? If not, what plans have you set forth to accomplish this assignment? There will be five (5) bonus points awarded to those students who actually meet with a corporate executive and report the results of that meeting when they submit Assignment № 10.

20. Assume you need, or will need, to hire a stock broker (account executive) to handle your equity investments. Go into a brokerage house, introduce yourself as a Pepperdine MBA student, and interview a broker. Use this opportunity to gain experience interviewing someone who may someday work for you. N.B.: Get the broker’s business card

Find out what a "Series 7" license is. Ask if the Series 7 exam was difficult?

a. How long has the broker had his Series 7 license?
b. What clues did you get about the broker’s honesty?
c. What clues did you get about the broker’s dependability?
d. What clues did you get about the broker’s resourcefulness?

• You may NOT interview (for this assignment) a broker you know or already use.
• DON’T bother a broker during market hours.
• Please include a photo copy of the broker’s business card when you submit this assignment.
ASSIGNMENT:  № 9
DUE: 12th Meeting
SUBJECTS: Accounting and the Stock Market

A. Read the Note on Accounting in the Primer and then:
   1. Give the basic accounting equation for a Balance Sheet and then set forth the important characteristics which distinguish it from an income statement.
   2. Give the basic accounting equation for an Income Statement and then set forth the important characteristics which distinguish it from a balance sheet.
   3. Distinguish Depreciation from Depletion.
   4. Explain what is meant by each of the following: insolvent, illiquid and bankrupt.

B. (5. - 8.) Read the second half of the book you have selected on the stock market and submit FOUR short-answer test questions (with answers).
   Follow the same modus operandi outlined in Assignment № 1.

C. (2 points; i.e., ½ point per question) Leverage--identify each of the following:
   9. Warrant
   10. Calls and Puts
   11. Financial Futures
   12. Margin Requirements

D. (3 points; i.e., ½ point per question) Earnings and Ratios--identify each of the following:
   13. Earnings per Share
   14. Interim Earnings
   15. Price/Earnings Ratio
   16. Price/Equity Ratio
   17. Payout Ratio
   18. Current Ratio

E. (4 points; i.e., ½ point per question) Markets--identify each of the following:
   19. Big Board
   20. Curb Market
   21. Over-The-Counter
   22. Bulls and Bears
   23. Limit Orders
   24. Odd Lots
   25. Selling Short
   26. Averaging Down

F. (3 points; i.e., ½ point per question) Technical Indicators--identify each of the following:
   27. Daily, Weekly, and Monthly Bar Charts
   28. Dow Jones Industrial Average
   29. Head and Shoulders Formation
   30. Beta
   31. Upside/Downside Volume
   32. Moving Average
A. COLLABORATION EVALUATION   (See last page.) Submit this separately and directly to Dr. G.

B. Equity Analysis

TO AVOID ERRORS AND WASTED EFFORT, READ THIS ENTIRE ASSIGNMENT AT LEAST TWICE BEFORE BEGINNING THE WORK. THIS IS IMPERATIVE.

Each study team must select one industry for its analysis. No two teams in all of the professor's current classes may choose the same industry. The industry must be picked from the Media General list.

After the second exam is taken, the Teaching Associate will assign industries on a first requested, first assigned basis. When making your request, your team representative must submit both the industry group NAME and the group CODE appearing on the Media General list.

Having picked an industry, each group member must select a different company listed under their specific industry group code. The following guidelines are critical to the completion of the assignment:

• Select a company with a headquarters office (general, regional, or area) in the local metropolitan area to facilitate an in-person investigation. You must pick a company that is on the Big Board (NYSE), Amex (ASE), or NASDAQ (National Association of Security Dealers Automated Quotations). Stocks on the Toronto Stock Exchange or non-NASDAQ O-T-C are not permitted for this assignment.

• You must NOT pick a firm with a fiscal year ending in June. Reporting errors are so common with these companies that an inordinate amount of time would be required to verify the data.

• Avoid stocks with insufficient information. That is, if the answers to more than a very few questions are NA (not applicable or available) or NM (not meaningful), select another company.

• You may NOT select a firm directly related to you through employment, employment of a family member, or a firm associated with your employer, either as a supplier or a customer. You MAY select a firm in which a fellow student is employed; you MAY select a firm in which you own stock.

C. (1.) Get a business card and submit a photocopy with the assignment.

NB: Do not ask an executive for a business card unless an exchange is offered. Ask the executive secretary for the executive’s card or a receptionist for the company’s card.

There will be five (5) bonus points awarded to those students who actually meet with a corporate executive and report the results of that meeting when they submit Assignment № 10.

D. (2. - 3.) Acquire a prima facie familiarity with the following periodicals and keep an issue of each (or copies of relevant pages) with you during the last two class meetings for reference. In most cases, one copy per study group will be sufficient.

Wall Street Journal     Investor's Business Daily (Newsstand)
Barron's               Standard & Poors Stock Guide (Your Broker)
Business Week          Standard & Poors Stock Report (Your Broker or the Library)
Forbes                 Value Line (Library)
Fortune                Daily Graphs (Company Report plus the Legend or "Key" Page)

2. Give the name of a source that ranks industries based upon a prediction of FUTURE "fundamental" performance.

3. Describe and explain the method you used to make your worksheet profit estimates.
E. (4-20.) ANALYSIS WORKSHEET. Submit **only** the worksheet, the corresponding S&P Stock Report page, answers to questions 1-3 (including a photocopy of a business card), and a **short** description of your personal interview (if it occurred).

- Before starting this assignment, make extra copies of the form for trials and future use. Complete the attached two-page blank worksheet, submit only the **PINK ORIGINAL**, and provide copies of the worksheet to each of the classmates on your team. **PLEASE** complete the form you submit in **BLUE** ink to facilitate grading.
- Your grade will be determined by resourcefulness (finding the most current documentation), thoroughness (completing all blanks), and accuracy.
- Put your **TWO** earnings projections in the appropriate columns (the current QTR and the next QTR leaving two cells blank) on the row marked "Estimates". Rows identified by years are to include historical data only.

F. Volatility and Value Grades

Your evaluation (grade) of Volatility (A - G) and Value (1 - 23) should be a **COMPOSITE** of your evaluations (i.e., High, Medium, or Low) of each statistic, which should be based on the following criteria:

<table>
<thead>
<tr>
<th>Item</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>10</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>B</td>
<td>80%</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>C</td>
<td>1.4</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>D</td>
<td>10 mil</td>
<td>20 mil</td>
<td>50 mil</td>
</tr>
<tr>
<td>E</td>
<td>80,000</td>
<td>40,000</td>
<td>20,000</td>
</tr>
<tr>
<td>F</td>
<td>2.0</td>
<td>1.0</td>
<td>0.5</td>
</tr>
<tr>
<td>G</td>
<td>50</td>
<td>25</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>50</td>
<td>250</td>
<td>500</td>
</tr>
<tr>
<td>3</td>
<td>20%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>A</td>
<td>B+</td>
<td>B-</td>
</tr>
<tr>
<td>5</td>
<td>0%</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>6</td>
<td>10%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>7</td>
<td>1.5</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>8</td>
<td>2.5</td>
<td>2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>9</td>
<td>1.3</td>
<td>1.0</td>
<td>0.7</td>
</tr>
</tbody>
</table>

- **Item B** (% price change) = \(\frac{200 (P_1 - P_2)}{P_1 + P_2}\), where \(P_1 = \text{High P}\) and \(P_2 = \text{Low P}\). If the Float (item D) is unavailable, use Shares Outstanding.
- For items 10, 12, and 14, 20% to 40% is High, 10% to 20% is Medium, and less than 10% is Low.
- When an **INDUSTRY-WIDE** statistic is used (as in items 7 and 9), the grade is found by taking a **RATIO** of the Firm statistic to the Industry statistic. For items 11, 13, and 15, 1.6 is High, 1.3 is Medium, and 1.0 is Low.
- For item 17, a positive number >4 is High, Zero (0) is Medium, and a negative number is Low. For items 18 and 19, a rank of 20 is High, 45 is Medium, and 70 is Low.
**STOCK ANALYSIS WORKSHEET**

Analyst (Your Name): ___________________________________________________________  Date: ________________  
Symbol: _______          Company: _______________________________________________  Exchange: ____________  
Company Contact: ________________________________________    Phone Number:  _____________________________  
Industry: _________________________________________________________       Media General Industry Code: _________  
Month FYE: ________________              S&P Guide Date: ______________         S&P Report Date: _______________

<table>
<thead>
<tr>
<th></th>
<th>1st QTR</th>
<th>2nd QTR</th>
<th>3rd QTR</th>
<th>4th QTR</th>
<th>EPS Total</th>
<th>Sales (mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current + Next</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last 4 QTRs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**COMPOSITE VOLATILITY (A - G) RATING:** ______________ and **VALUE (1 - 23) RATING:** ______________

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Grade</th>
<th>Statistic</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A.  Price Per Share</td>
<td></td>
</tr>
<tr>
<td>B.  52 Week Price Range</td>
<td></td>
<td>E.  Average Daily Volume (000)</td>
<td></td>
</tr>
<tr>
<td>C.  Beta</td>
<td></td>
<td>F.  Debt to Equity Ratio</td>
<td></td>
</tr>
<tr>
<td>D.  Float (in millions)</td>
<td></td>
<td>G.  No. of Institutions Holding Stock</td>
<td></td>
</tr>
<tr>
<td>1. Price / Earnings Ratio</td>
<td></td>
<td>6. Profit Margin (FIRM)</td>
<td></td>
</tr>
<tr>
<td>2. Price / Equity Ratio</td>
<td></td>
<td>7. Profit Margin (INDUSTRY-WIDE)</td>
<td></td>
</tr>
<tr>
<td>5. Payout Ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Earnings Per Share Percent Change Last 3 Months (FIRM)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Earnings Per Share Percent Change Last 3 Months (INDUSTRY-WIDE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Earnings Per Share Percent Change Last 12 Months (FIRM)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Earnings Per Share Percent Change Last 12 Months (INDUSTRY-WIDE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Earnings Per Share 5 year Growth Rate (FIRM)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Earnings Per Share 5 year Growth Rate (INDUSTRY-WIDE)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16. Percent of Float Held by Institutions (5% is High, 20% is Medium, and 40% is Low) 

17. Last 6 Months Insider Net Trades (Pluses less Minuses in Daily Graphs) 

18. Value Line Industry Rank (PRIMARY) Find Ranking in Value Line SUMMARY 

19. Value Line Industry Rank (SECONDARY) Do if >25% of TR is from 2nd Industry 

20. O'NEIL Timeliness Rank (O'Neil Database or Daily Graphs) 

21. O'NEIL Industry Rank (Database or Daily Graphs) 

22. O'NEIL Relative Strength (Database or Investor's Daily) 

23. NEWS ITEMS (Comment about any of the following items that may be relevant to the price of the stock, and assign a grade using your own judgement.) Note: The older the information, the less important.

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
<th>Comments</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weather</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Affairs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
COLLABORATION EVALUATION  

(Please keep this pink original separate from the rest of Assignment No 10, and submit it directly to Dr. G.)

A. INTERACTIVE PROCESS

How important is an interactive educational process? The professor would appreciate your evaluation:

1. An interactive process in the study of Economics is:
   a. Very Important  b. Important  c. Unimportant  d. Counterproductive

2. The extent of interactive education in this class has been:
   a. About right  b. Too much  c. Too little

3. Please make a specific suggestion that might enhance your preference:

   _______________________________________________________________________________
   _______________________________________________________________________________
   _______________________________________________________________________________

4. Compared to all other university courses taken, collaboration in this class has been:
   a. Much greater  b. Greater  c. About the same  d. Less  e. Much less

5. Compared to all other Pepperdine courses taken, this collaboration has been:
   a. Much greater  b. Greater  c. About the same  d. Less  e. Much less

6. Compared to your Human Behavior course, collaboration in this class has been:
   a. Much greater  b. Greater  c. About the same  d. Less  e. Much less

B. COURSE MATERIALS AND OBJECTIVES

1. If, due to time limitations, some subject of this course (Price Theory) must be dropped, which topic would you recommend be eliminated?

   _______________________________________________________________________________

2. Assuming this course were restructured, which topic is the most important to retain?

   _______________________________________________________________________________

3. Did your ability to listen for extended periods of time improve? If so, how so; if not, why not?

   _______________________________________________________________________________

4. Who was the author of your intermediate text?

   _______________________________________________________________________________

5. The usefulness of this text in learning Price Theory has been:
   a. Excellent  b. Good  c. Fair  d. Poor  e. Awful
Managers often find that productivity can be significantly improved by reassigning their personnel. A sociogram can provide immediate information on existing group dynamics, suggest specific team combinations, and identify potential leaders.

Generally, all participants, regardless of level, are asked to rank everyone according to whom they would most prefer in each of three categories: supervisor, co-worker, and subordinate. The purpose of this sociogram is to rank each participant's influence on the class according to the following criteria:

- Energized a positive classroom environment.
- Contributed regularly without dominating air time.
- Helped colleagues understand by asking questions or providing explanations.
- Initiated and cooperated in the study group process.

**FIRST** list the current class members in **alphabetical order** (by family name) on the lines provided below.

**n = [Counting yourself, how many students are currently attending this class?]**

Rank everyone from 1 to "n" (n being the number of students who are currently attending). Begin by ranking yourself as number one, placing that number (1) in the space provided at left for rank. Then assign number two (2) to the one student besides you who best meets the criteria, and number three (3) to the next best contributor. The least effective participant must be rated as number n. **Everyone** must be rated once, no one can be rated twice, and there can be no ties.
Evaluation Process

Course evaluations are done electronically through eRooms. Evaluations are “loaded” in the eRooms approximately two weeks prior to the end of the term.

Each student enrolled in a course has one opportunity to access the course evaluation (located in the eRoom and identified by an icon) using their student identification number. However, the data is stored using a sequence number. This process affords confidentiality to the student submitting the evaluation.

The student will be notified via the eRoom when the course evaluation is available depending on when it is activated by your professor. Access to the evaluation is achieved by clicking on the “Course Evaluation” icon and following the instructions provided. You must submit your evaluation during the time indicated by your professor.

Please take the time to complete course evaluations. The information you provide will help us to make constant progress in all we offer to our students.

Frequently Asked Questions (FAQs):

1. Is my response confidential? Yes, the information that you supply is logged into the data base utilizing a sequence number for the course. No names are attached to the evaluations.

2. Can the Professor see my evaluation before my final grade? No, once you’ve submitted your evaluation, the data is collected and stored in a data base residing outside of the eRoom. The Professor is given a report without names once the final grades for the class have been submitted. Due to the absence of “handwritten” comments, student identity remains more confidential than the paper forms that students have submitted in the past.

3. Who do I call if I have questions or concerns? Please contact Mary Conradt, Director of Academic Support at 310-568-5505, or mary.conradt@pepperdine.edu.