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

DR. DONALD M. ATWATER
MBAM 592.16
PRINCIPLES OF ECONOMICS
FALL 2003, SESSION A
(September 8 – October 13)
MONDAY
1:00 P.M. – 5:00 P.M.
MALIBU

SYLLABUS
Introduction

Economics provides a set of tools and a foundation for understanding and predicting directional movements in markets. In this course, students are exposed to business decisions and industrial policy making based on price theory and industrial policy issues. It offers students the opportunity to explore the linkages between business decision making processes, economic principles, concepts and analyses. Students will learn fundamental economic principles and apply them to create crisis management business solutions. The skills learned in this course are meant to be combined with finance, marketing, accounting, and other disciplines to give MBAs a comprehensive and robust basis for decision making.

The professor’s role in this course is to present economic theories, concepts and principles that will permit you to address the assigned crisis management topics in a businesslike manner. He will help guide you in the development of your policy assessments and remove barriers, so that can gain a full understanding of the proper use of economics to extend your decision making skills.

Course Description

This course introduces the principles and applications of microeconomic analysis. Attention is given to supply and demand theories, price and wage practices, market structures, production, and cost analysis. It investigates the role of government and the limitations of the market system. The concepts and data for the study of individual economic behavior, firms, industries, and markets are introduced. The course also introduces the principles and applications of macroeconomic analysis of the external business environment, covering concepts such as consumption, saving, investment, employment, production, business fluctuations, unemployment and inflation, money and banking, international trade and economic growth.
Course Objectives

This course breaks down economics into chewable chunks. Each week a set of key economic principles and topics will be covered along with a set of business management issues. A baseline set of topics for all seven (7) weeks of the course is included in this syllabus packet.

While it is not required, students are encouraged to form study groups. Study groups will help you understand topics that you have questions about, help you work through your policy case studies, and help you identify research articles, books and data which address important economic principles and the assigned business policy topics.

Students should plan to talk with or meet with your study group members to think through the policy topics for the upcoming lecture and to close out any open issues from the last lecture.

Students are expected to write all parts of their crisis management reports. You are expected to apply the knowledge you learned from the readings, class lectures, study group sessions and your own research to develop a unique statement for each management paper. During the semester each student will turn in a weekly crisis management paper. Students should keep copies of their papers, since the professor will retain the delivered papers as a record of your class performance.

Texts and Course Materials

Required Textbook and Study Guide


Recommended Readings


The study guide can be used on an “as needed” basis. A nice feature of the guide is that it provides answers to all problems, and thus may be used to test your
understanding of the economic principles and relationships covered in class. If you are unsure of your abilities in math, the Gertmenian publication is a supplemental text.

Weekly readings are shown in the syllabus. In addition, current events from the WSJ or other business publications will be used to explore the linkages between economic principles and business decision making. A card should be enclosed in the WSJ edition of the textbook. The purchase price of the WSJ edition of the textbook includes a 15 subscription to the Wall Street Journal.

**Grading**

A total of **400 points** can be accumulated for this course. The breakdown of points is:

- 200 points for two examinations
- 100 points for two crisis management reports
- 100 points possible for class participation
  - Two in-class group assignments (50 points possible)
  - Individual class participation and presentation (50 points possible)

A letter grade will be assigned based on the percentage of points scored out of the 400 possible points for the course. A standard table of percentages will be used to calculate grades. Grades will be assigned as follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>94-100%</td>
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<tr>
<td>A-</td>
<td>90-94%</td>
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<tr>
<td>B+</td>
<td>87-90%</td>
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<tr>
<td>B</td>
<td>83-87%</td>
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<tr>
<td>B-</td>
<td>80-83%</td>
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<tr>
<td>C+</td>
<td>77-80%</td>
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</tbody>
</table>

**Session Format and Papers**

Each class session will be broken down into three parts. The first two hours will be used to cover the assigned economic principles and relationships (i.e. readings). The third hour will be dedicated to linking the principles and relationships to practical business issues including crisis management themes and decisions. The final hour will be used for examinations, class exercises assignments, current event discussions, and participation/presentations.

Two crisis management papers will be done for a **selected corporation**. Each paper should contain an executive summary paragraph, a statement describing the crisis, the economic principles and relationships that were used to address the issue, at least three business decision options that were possible and the preferred decision option based on the economic principles, relationships, and research done. An in-class working session on the crisis management papers will be included in session 2.

Research is required for each of your crisis management papers. Materials found in your texts should only be included in the economic principles and relationships section of the paper. Research materials should include at least 3 books and journals. Business
magazines and newspapers are acceptable supplementary sources. Proper citations, references and a bibliography (using APA standards) are required in each paper. Papers are generally 3-5 pages in length. Extensive use of grids, lists, graphs and charts are expected to support your assessments of key business movements. You should be prepared to make a class presentation on your work at any time.

Examinations

There will be two closed-book examinations. The examinations will consist of multiple choice questions and 1 short answer problem. No make-up exam will be given except for compelling reasons and only when prior arrangement is made with the professor.

Attendance Policy

The course will consist of lectures, class discussions and exercises, project reports, presentations, and examinations. You are expected to attend all lectures and meetings of the class. Missing lectures and meetings can affect your grades.

Students are expected to attend each scheduled class session. Failure to do so will affect your grade in this course. You are expected to come to class prepared (i.e. having read all assigned readings). Being prepared (or not) will affect your grades. The class lectures will analyze the salient issues presented in the texts. Class discussions will be extensively used. Your participation in class discussions is an important part of this course. Current events will be viewed as opportunities to apply economic theories and analyze the effectiveness of policies.

It is advised that you take notes during class for they contain the most important concepts from chapters assigned. You are responsible for all materials covered in class (whether they are or are not in your texts).

Conduct

“The University expects from all of its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Engaging in or promoting conduct or lifestyles inconsistent with traditional Christian values is not acceptable.

The following regulations apply to any person, graduate or undergraduate, who is enrolled as a Pepperdine University student. These rules are not to be interpreted as all-inclusive as to situations in which discipline will be invoked. They are illustrative, and the University reserves the right to take disciplinary action in appropriate circumstances not set out in this catalog. It is understood that each student who enrolls at Pepperdine University will assume the responsibilities involved by adhering to the regulations of the University. Students are expected to respect order, morality, personal honor, and the rights and property of others at all times. Examples of improper conduct for which students are subject to discipline are as follows:
• Dishonesty in any form, including plagiarism, illegal copying of software, and knowingly furnishing false information to the University.
• Forgery, alteration, or misuse of University documents, records, or identification.
• Failure to comply with written or verbal directives of duly authorized University officials who are acting in the performance of assigned duties.
• Interference with the academic or administrative process of the University or any of the approved activities.
• Otherwise unprotected behavior that disrupts the classroom environment.
• Theft or damage to property.
• Violation of civil or criminal codes of local, state, or federal governments.
• Unauthorized use of or entry into University facilities.
• Violation of any stated policies or regulations governing student relationships to the University.

Disciplinary action may involve, but is not limited to, one or a combination of the alternatives listed below:

- **Dismissal** – separation of the student from the University on a permanent basis.
- **Suspension** – separation of the student from the University for a specified length of time.
- **Probation** – status of the student indicating that the relationship with the University is tenuous and that the student’s records will be reviewed periodically to determine suitability to remain enrolled. Specific limitations to and restrictions of the student’s privileges may accompany probation.” See current catalog.

**Policy on Disabilities**

*Assistance for Students with Disabilities*

“Students with disabilities, whether mental or physical, are encouraged to contact the Equal Opportunity Office before the academic year begins or soon after classes are in session. This office will assist each student by providing general information about campus facilities and available resources. The office will assist in providing reasonable accommodation to students with disabilities pursuant to applicable laws. Inquiries should be directed to equal opportunity officer, at (310) 506-6500. (Students who wish to file a formal grievance should refer to the “Nondiscrimination Policy,” which is listed in the “Legal Notices” section of this catalog.)” GSBM Catalog, pg. 31.

Schedule of Classes
A calendar and session topics outline are provided for this course. The calendar shows weekly reading assignments. In addition, the calendar shows the dates for examinations and due dates for papers.

<table>
<thead>
<tr>
<th>Week #</th>
<th>Date</th>
<th>Readings*</th>
<th>Session Theme</th>
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<tbody>
<tr>
<td>1</td>
<td>Sept 8</td>
<td>Chapters 1, 2, 4</td>
<td>Economic Thinking</td>
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<tr>
<td>2</td>
<td>Sept 15</td>
<td>Chapters 5, 7, 21</td>
<td>Consumers and Demand</td>
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<td><strong>In-Class Session on Reports</strong></td>
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<td>3</td>
<td>Sept 22</td>
<td>Chapters 7, 13, 14</td>
<td>Firms and Supply</td>
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<td><strong>Examination #1</strong></td>
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<td>4</td>
<td>Sept 29</td>
<td>Chapters 23, 25</td>
<td>Products and Services Market</td>
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<td><strong>Crisis Management Report #1</strong></td>
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<td>5</td>
<td>Oct 6</td>
<td>Chapters 29, 30</td>
<td>Money Market</td>
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<td></td>
<td><strong>Examination #2</strong></td>
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<tr>
<td>6</td>
<td>Oct 13</td>
<td>Chapters 3, 9</td>
<td>International Markets</td>
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<td></td>
<td></td>
<td></td>
<td><strong>Crisis Management Report #2</strong></td>
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*Principles of Economics, Mankiw.*