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

Dr. MARSHALL NICKLES
MBFE 657.44
PRICES, PROFIT AND THE MARKET ECONOMY
FALL 2003
THURSDAYS
6:00 PM – 10:00 PM
ORANGE COUNTY CENTER

SYLLABUS
School of Business and Management  
FALL 2003  

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Campus Office Hours: By Appointment  

COURSE OBJECTIVES  

The main objective of this course is to provide you with the core of MICRO economic theory and its application that will enable you to achieve the following:  

(1) Understand how markets are determined, resources are allocated, production determined, prices set, and how "bottom line" business decisions are thought out.  

(2) Understand the workings and function of the stock market as an example of applied supply and demand theory.  

3) Appreciate how the study of micro economics provides a foundation for understanding how the macro economic environment can influence strategic business thinking.  

(4) Be able to apply micro economic theories to domestic and international business decision making.  

(5) Be able to apply micro economic theories and concepts to other functional areas of business administration, such as marketing, finance, and business strategy and policy.  

6) Understand how to perform and analyze an industry study as a backdrop to development of strategic marketing.  

7) Understand how technology and the international environment can impact the structure, conduct, and performance of American market structures.  

The above objectives will be achieved by integrating class discussion of required readings, materials brought into class, lectures, films and other learning tools that can be utilized in a group process mode. In order for the process to work properly, each of us is responsible for preparing the necessary pre-class assignments and contributing to in class discussions. Each of us is also obligated to commit to "process" the subject material to the point of understanding how it applies to our business and personal lives.,  

CLASS REQUIREMENTS
(1) All class members are required to have read and completed assignments prior to attending class. Active oral input is always encouraged. If you are not prepared for any given assignment, tell me in advance of class otherwise I will assume you are prepared.

(2) There will be two exams (midterm and final).

(3) Individual contribution and oral presentation on the team trimester project, debates, and cases are required. These are in class presentations.

(4) An in class discussion of assigned articles in the readings book is also required.

(5) Finally, a stock market trend-following project, designed to demonstrate the application of supply and demand is required. This is also an in class presentation.

**GRADING**

Grades will be assigned by using an absolute scale. See details below for grading scale. A modified curve may be used to determine final grades.

**Grading Scale:**

A class member needs to attend class regularly, read and complete all assignments, (including the preparation and delivery of oral group presentations) unless special arrangements have been made; and earn the following total percentages out of a MAX of 290 points for a letter grade as follows: 66-68%=D+ or 1.3 grade points; 69-71%=C- or 1.7 grade points; 72-74%=C or 2.0 grade points; 75-76%=C+ or 2.3 grade points; 77-79%=B- or 2.7 grade points; 80-83%=B or 3.0 grade points; 84-87%=B+ or 3.3 grade points; 88-90%=A- or 3.7 grade points; 91-100%=A or 4.0 grade points.

**IMPORTANT:** AN EXAM NOT TAKEN ON THE SCHEDULED DATE MAY BE MADE UP WITH A 5 POINT DEFICIT PER DAY UNTIL TAKEN. THUS A TEST SCHEDULED ON MONDAY BUT MADE UP ON WEDNESDAY WILL HAVE A 90 POINT MAXIMUM VALUE RATHER THAN A POSSIBLE 100 POINTS. TO AVOID THIS DEFICIT, THE EXAM MAY BE TAKEN EARLIER THAN THE SCHEDULED TIME...PLEASE SEE ME ABOUT DETAILS IF THE ABOVE SHOULD APPLY TO YOU.

**CLASS REQUIREMENTS BY WEIGHT**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>Midterm Exam</td>
<td>100 pts.</td>
</tr>
<tr>
<td>Final Exam</td>
<td>100 pts.</td>
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</tbody>
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Individual Effort on Trimester Project = 40 pts.
Team effort on article(s) presentation = 5 pts.
Team effort on case presentation = 5 pts.
Stock project = 5 pts.

Total Points = 255 pts. possible.
Example: A "B" grade would 80% x 255 = 204 pts...

REQUIRED TEXTS AND BOOKS

Microeconomics: by McConnell & Brue, 15th Ed. (A)
Microeconomics: Annual Editions 2002-2003 : (B)
Competitive Strategy: by Porter (C)
How to Read the Wall Street Journal: by Lehmann (D)

FURTHER DISCUSSION OF SELECTED CLASS REQUIREMENTS

Midterm Exam will be designed to draw out your understanding of the core of microeconomics. This will include the terminology, concepts and application of the assignments. Mini cases, short essay and problems as well as some objective questions may be asked. Materials from approximately the first half of the course will be included on the midterm.

Final Exam will be primarily concerned with the application of micro theory. The exam will be similar to the Midterm in terms of design but will cover approximately the second half of the course.

Individual effort on trimester project: As a member of a group, you are responsible for the part of the research project that you and your team members have agreed. Each team member (orally) presents his/her work, within the context of a total team effort. A written "executive summary" is also required (group effort). This will include a statement of the "problem", summary of the findings, and will state which members did what toward the contribution of the project. The written description of each team member's effort in the executive summary should match the individual's oral presentation. See attached trimester project description for further details.

**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 GSBM 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, Lauren Breeding (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.)” See current GSBM Catalog.

**SCHEDULE OF CLASSES**

**TOPICS AND ASSIGNMENTS (ALL READINGS TO BE DONE PRIOR TO CLASS)**

Meeting 1: General introduction to the course. Discussion of the economic transformation of America and the role of the U.S. Government in the economy. **Assignment: Read Ch.’s 1-2 in (A).**

Meeting 3: The U.S. and the global economy. Consumer behavior. The costs of production (short-run vs. long run and economic costs). Assignment: Read Ch.'s 6, 8, & 9 in (A).

Meeting 4: Model of pure competition in the product market. Economies of diseconomies of scale. Production costs. Supply and costs facing a perfectly competitive buyer. How output, pricing, costs and profits are determined in a model of pure competition. Assignment: Read Ch. 10 in (A).

Meeting 5: Models of pure monopoly, monopolistic competition and oligopoly. How output, pricing, costs and profits are determined in a model of pure monopoly and oligopoly. The changing market structure of the U.S. economy. Regulation and antitrust. Assignment: Read Ch.'s 11, 12, & 19 in (A).

Meeting 6: MIDTERM EXAM

Meeting 7: In class discussion of assigned articles. Each group is required to orally present their assigned articles in class in the prescribed matter. The assignment from (B) is as follows: Group 1 = Art.'s 3,4,7,8. Group 2 = 9,12,13,14. Group 3 = 16,17,21,22. Group 4 = 26,27,30,33. Group 5 =38,47,57,58.

Meeting 8: The purpose of this session is to broaden our understanding of how the microeconomic theory can be applied in the remote environment. In order for firms to successfully compete within a given industry, it is necessary for them to understanding how competition is assessed and how to appreciate the structure, conduct, and performance of the marketplace of choice. It is through the process of industry analysis that firms can begin to develop their strategies for competitive survival. MATERIALS TO BE HANDED OUT IN CLASS NECESSARY TO COMPLETE THE TRIMESTER PROJECT...

**SCHEDULE OF CLASSES (continued)**

Assignment in (C): Group 1 = Ch.'s 1 & 3 in (C). Group 2 = Ch.'s. 5 in (C). Group 3 = Ch.'s 7 in (C). Group 4 = Ch.'s 8 in (C). Group 5 = Ch.'s. 13 in (C). Each group is required to summarize the content of their assigned chapter in (C) and define the "take away" and the "so what". In addition, each group is asked to explain how micro economic theory helps in the understanding of each assigned chapter. Finally, after each group has orally presented their assignment, the class as a whole needs to put it all together and develop strategic questions. The questions will be of the
type that management will need to raise in an effort to perform a competitive analysis of the
industry in which they compete and strive to make profits.

Meeting 9: In class debate and cases regarding applied micro economic issues. DEBATE AND
CASE MATERIAL WILL BE HANDED OUT IN CLASS. Specific assignments regarding this
assignment will also be provided in class. Assignment: Read first ½ of (D).

Meeting 11: How microeconomic theory is influenced by the macro economic environment. In class
forecast of the U.S. economy. Assignment: Read second ½ of (D). In class discussion of (D).
Groups will present specific chapters.

Meeting 12: Using the stock market as an example of the application of supply and demand. Why
markets behave as they do. The impact of economics on the markets. In class group presentations of
the stock market project.

Meeting 13: FINAL EXAM

Meeting 14: Money, capital markets, and microeconomics. Investments and the changing economic
environment. Guest Speaker. This topic may be covered during Meeting 12. ***

Meeting 15: TRIMESTER PROJECT PRESENTATIONS IN CLASS.

I hope you find the course educational and fun.

Dr. Marsh Nickles

*** Holiday Schedule will be discussed.