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Economics 315  
Summer II 2008

Office hours: MTuWTh 7:30 - 8:00 and 3:00 – 4:00  
and by appointment

## COURSE OUTLINE AND READING LIST

This course in intermediate microeconomics assumes that you have already taken Economics 201 and 202 or their equivalents and Math 135 or equivalent calculus. If you have not taken these, drop this class immediately. You should also know the basics of accounting, finance, probability, be familiar with the Internet, and be able to follow lectures and discussions in real time. **Most importantly, you must be able to express yourself in written English. All exams in this class are essays.**

Our textbook is James Brickley *et al*, Managerial Economics and Organizational Architecture [Fourth Edition, McGraw-Hill Irwin, 2003]. Copies of course materials and some classroom material are available at

<http://www.business.fullerton.edu/economics/rmichaels/030131%20stars/index.html>

There you can also find information about me, some of my writings and presentations, and some press coverage of me and my research. This site also contains chapters from a textbook I am writing for the course. Readings from it and Brickley are given below.

Letter grades are based on your total exam points and will always reflect the same ranking as total points earned. I will not reward you, for example, for starting out poorly and improving later. I do not award “plus” or “minus” grades. Your grade will be based on three short exams, which will total to 60 percent of it. The final exam accounts for the remaining 40 percent. You may skip one of the short exams without penalty, i.e. if you take only two of them, your total points on them will be increased by 50 percent in calculating your final grade. **All exams you take are included in the calculation. You must take at least two short exams, and must take the final exam.** Short exams are on July 15, July 23 and July 31. The final is on Thurs. Aug. 7 and will cover all material in the course.

There are no homeworks or other extra credit schemes. I do not require attendance and only take roll to verify registration. You are responsible for material I cover that is not in the text. You may record or videotape classes. **As noted above, exam questions are problems and short essays. You must write them in English that I can understand.**

## DAILY OUTLINE

Tu 7/8 Introduction: how economists think. Rationality and information, Competition and cooperation [1,II]  
 Brickley, Chs. 1-2  
 Michaels, Ch. 1

W 7/9 Transactions and the cost of transacting [III]; introduction to markets, supply and demand again  
 Brickley, Ch. 3-4  
 Michaels, Chs. 2 and 3

Th 7/10 More market applications, pricing the present and the future, information and markets, Introduction to production and costs  
 Brickley, Ch. 4-5  
 Michaels, Ch. 3-4

Tu 7/15 **FIRST EXAM**, short-run and long-run cost [III, IV], perfect competition [IV]  
 W 7/16 Monopoly [IV]  
 Brickley, Ch. 6  
 Michaels, Ch. 5

Th 7/17 Discriminating monopoly, markets with responsive competitors [I, II, IV]  
 Brickley, Ch. 6  
 Michaels, Ch. 6

Tu 7/22 Strategy -- transactions that create and capture value [II, III]  
 W 7/23 **SECOND EXAM**, Resource-based models of business  
 Brickley, Ch. 8  
 Michaels, Ch. 8

Th 7/24 Introduction to contracts [I, II, III]  
 Brickley, Ch. 10  
 Michaels, Ch. 9-10

Tu 7/29 Contracting and Incentives, risk sharing, insurance, and asymmetric information  
 Brickley, Ch. 10  
 Michaels, Ch. 10-11

W 7/30 Team production and the division of labor, supervision and communication [IV, V]  
 Th 7/31 **THIRD EXAM**, Centralization, divisionalization, information and decisions [II, III, IV]  
 Brickley, Ch. 11-13 and 18  
 Michaels, Ch. 13

Tu 8/5 Employment relationships and the elicitation of effort [I, II, III]  
 Brickley, Ch. 14  
 Michaels, Ch. 15

W 8/6 Vertical Integration and changes in the scopes of businesses [II, III, IV]  
 Brickley, Ch. 18  
 Michaels, Ch. 14

Th 8/7 **FINAL EXAM**

## LEGAL STUFF

This is a core course in the curriculum of the College of Business and Economics, and the following key perspectives are addressed as indicated in the course outline below: (i) Ethical issues; (ii) Global issues; (iii) Political, social, legal, regulatory and environmental issues; (iv) Technological issues, and (v) the impact of demographic diversity on organizations.

This course meets the University's General Education (G.E.) requirement in Category III.C.1 – Introduction to the Social Sciences. Its learning goals include: a. to understand what makes a social science different from other disciplines, b. to understand and compare major concepts, methods, theories, and theorists in the social sciences, c. to apply these concepts, methods, and theories to “real life” situations, d. to appreciate the relevance of the social sciences to social, political, and/or economic institutions and behavior, e. to analyze and critically evaluate social science concepts and theories as applied to particular problems or themes. The course requires that all exams be written with evaluations that provide an opportunity for students to improve their writing.

The main purpose of the degree program at the College of Business & Economics (CBE) at Cal State Fullerton is to provide you with the knowledge and skills that prepare you for a successful career in business. In order to assist us in achieving this goal, we will use a number of assessment tools to track your progress through the CBE curriculum. Please expect to participate in CBE assessment activities in several of your courses while at the CBE. As you do so, you will assist us in identifying our program's strengths and weaknesses as well as areas for potential improvement. In other words, you are making an important investment in the value of your degree.