

**California State University Channel Islands**  
**Martin V. Smith School of Business & Economics**  
**ECONOMICS 329 (Managerial Economics)**  
**W 6 pm – 8:50 pm Bell Tower 1302**  
**Fall Semester 2008 Course Outline**

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**Required Text:**

Michael Baye: *Managerial Economics, 6<sup>th</sup> edition*. McGraw-Hill, 2008.

Students are encouraged to visit the online student review at:

<http://www.mbhe.com/economics/baye6e>

It is also highly recommended that you read the following newspapers and newsmagazines to keep yourselves informed about current economic events & issues:

[The Wall Street Journal](#)

[The Los Angeles Times](#)

[The New York Times](#)

[The Economist](#)

**About the Course:**

Prerequisites: ECON 110, 111 and MATH 140 or its equivalent.

This course develops principles of microeconomics to enable managers to manage more effectively in relation to customers, suppliers, competitors, and the regulatory environment. The course uses the basic microeconomic theories of marginal analysis to analyze consumer behavior, demand, costs, production, firms and the nature of industry. Students will be able to use the tools from microeconomic theory, industrial organization, and game theory to make sound managerial decisions for organizational effectiveness. Students will be able to analyze the economic environment in which an organization operates, to understand the constraints this environment places on the organization's pursuit of its goals, to predict how these constraints may change with time, and to apply economic reasoning to an organization's internal decision making. We will address typical problems such as pricing within an oligopolistic industry, forecasting product demand over the business cycle, and predicting and evaluating the effects that government regulatory intervention will have on an industry.

This is a demanding course and students should be prepared for a grueling semester ahead. To do well in this class you will need to do the following: attend class, take good notes, and participate in class

discussion, read the text thoroughly, and work through the problems at the end of each chapter. Failure to keep up in this course can be fatal to your grade.

Students who successfully complete this course will be able to:

- Identify positive and normative methods of analysis.
- Derive and interpret the optimization problems faced by consumers and producers.
- Identify the key factors affecting demand and supply, and conduct comparative static analyses of changes in demand and supply conditions.
- Forecast product demand
- Distinguish and determine the efficiency implications of various forms of market structure.
- Project the economic consequences of business decisions or policy changes from the short run to the long run.
- Evaluating the effects of government regulatory intervention on the industry

### **Examinations & Grading:**

There will be 2 midterm examinations in addition to the final. The examinations will require you to solve problems and draw and interpret graphs. Verifiable medical reasons are the only acceptable excuses for missing an exam. **No make-up exams will be given.** Calculators may be used during exams. There will also be Homework assignments (10%) and a Group Assignment (20%) that will account for an additional 30% of the overall grade. You will need scantrons and blue books for the exams.

The schedule for the examinations is:

Midterm 1 (20% of grade) -	<b>Wednesday, October 1</b>
Midterm 2 (20% of grade) -	<b>Wednesday, October 29</b>
Final (30% of grade) -	<b>Wednesday, December 10, 7 pm – 9 pm</b>

The letter grade you receive will be based on the following point distribution:

<b>A</b>	Minimum 89-100 points
<b>B</b>	Minimum 79-89 points
<b>C</b>	Minimum 60-78 points
<b>D</b>	Minimum 55-60 points

**Note:** Plus/minus grading will be used.

### **Academic Dishonesty**

All work that students submit as their own work must, in fact, *be* their own work. For example, if a paper presents ideas of others, it must clearly indicate the source. Word-for-word language taken from other sources – books, papers, web sites, people, *etc.* – must be placed in quotation marks and the source identified. Likewise, work on tests and exams must be the student's own work, not copied or taken from other students' work, and students must comply with instructions regarding use of books, notes, and other materials.

In accordance with the CSU Channel Islands policy on academic dishonesty, students in this course who submit the work of others as their own (plagiarize), cheat on tests and examinations, help other students cheat or plagiarize, or commit other acts of academic dishonesty will receive appropriate academic penalties, up to and including failing the course.

Papers with plagiarized ideas or language will be graded "F" and must be rewritten with proper use of quotations and referencing. The grade of "F" will remain the recorded grade on that assignment.

Plagiarism or cheating on tests and exams will result in an "F" on the test or exam, very likely resulting in a lower or possibly a failing final grade in the course. To complete course requirements, students must retake the test or exam during the instructor's scheduled office hours.

In cases where the cheating or plagiarism was premeditated or planned, students may receive an "F" for the course.

Students are encouraged to consult with me on when and how to document sources if they have questions about what might constitute an act of plagiarism or cheating.

**CSUCI Disability Statement**

Cal State Channel Islands is committed to equal educational opportunities for qualified students with disabilities in compliance with Section 504 of the Federal Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA) of 1990. The mission of Disability Accommodation Services is to assist students with disabilities to realize their academic and personal potential. Students with physical, learning, or other disabilities are encouraged to contact the Disability Accommodation Services office at (805) 437-8510 for personal assistance and accommodations.

**Subject to Change Disclaimer**

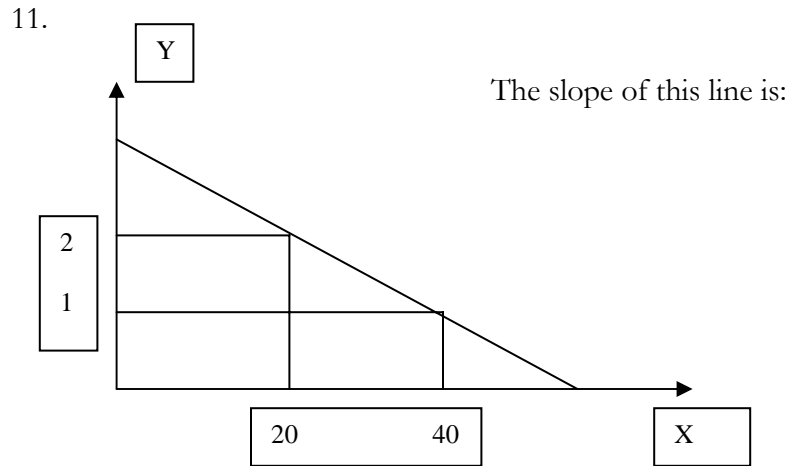
Information contained in this syllabus, other than that mandated by the University, may be subject to change with advance notice, as deemed appropriate by the instructor.

**Topics & Readings:**

DATE	TOPIC	READINGS & ASSIGNMENTS
WEEK 1 August 27 <sup>th</sup>	INTRODUCTION TO MANAGERIAL ECONOMICS	Text chap. 1
WEEK 2 September 3 <sup>rd</sup>	DEMAND AND SUPPLY ANALYSIS I	Text chap. 2
WEEK 3 September 10 <sup>th</sup>	DEMAND ANALYSIS II	Text chap. 3 <b><i>Debate 1</i></b>
WEEK 4 September 17 <sup>th</sup>	CONSUMER BEHAVIOR	Text chap. 4 <b><i>HW#1 due</i></b>
WEEK 5 September 24 <sup>th</sup>	PRODUCTION AND COSTS	Text chap. 5
<b>WEEK 6</b> <b>October 1<sup>st</sup></b>	<b>MIDTERM 1</b>	<b>Chapters 1 - 5</b>
WEEK 7 October 8 <sup>th</sup>	ORGANIZATION OF THE FIRM NATURE OF INDUSTRY	Text chaps. 6, 7 <b><i>HW#2 due</i></b>
WEEK 8 October 15 <sup>th</sup>	MANAGING IN DIFFERENT MARKET STRUCTURES I	Text chap. 8 <b><i>Debate 2</i></b>
WEEK 9 October 22 <sup>nd</sup>	OLIGOPOLY MODELS	Text chap. 9
<b>WEEK 10</b> <b>October 29<sup>th</sup></b>	<b>MIDTERM 2</b>	<b>Chapters 6 – 9</b>
WEEK 11 November 5 <sup>th</sup>	GAME THEORY AND STRATEGY	Text chap. 10 <b><i>Debate 3</i></b>
WEEK 12 November 12 <sup>th</sup>	PRICING STRATEGIES I	Text chap. 11
WEEK 13 November 19 <sup>th</sup>	PRICING STRATEGIES II	Text chap. 13 <b><i>HW#3 due</i></b>
WEEK 14 November 26 <sup>th</sup>	GOVERNMENT AND MARKETS	Text chap. 14
WEEK 15 December 3 <sup>rd</sup>	<b>Group Presentations</b>	<b><i>Group Written Projects Due</i></b>
<b>WEEK 16</b> <b>December 10<sup>th</sup></b>	<b>FINAL EXAMINATION</b>	<b>Chapters 8 - 11, 13, 14</b>

MANAGERIAL ECONOMICS FALL SEMESTER 2008

1. Your Name:
2. Major:
3. Address and Phone Number:
4. Email address:
7. List all College Level Math Courses taken:
8. List any Economics Courses taken:
9. Familiarity with Excel (circle one):  
VERY            SOMEWHAT            LITTLE            NONE
10. If  $x - 18 = 0.1 x$ , then  
 $x = ?$



12. What determines how many cars will be produced each year?
13. If the price of gasoline falls, does Exxon, Shell, Arco, etc lose money? Why or why not?
14. If the United States removes the tariff on imports of German beer, will the US be better off or worse off? Why?