## Economics 329 Syllabus Managerial Economics *California State University Channel Islands* Dr. Robert Deuson Fall 2011 – Section 02 (LEC 2118)

*Catalog Description*: Development of the tools of marginal analysis and their application to managerial decisions and planning. Topics include demand analysis, production and cost, pricing and output decisions under different market structures. Product and factor markets will be analyzed. *Pre-requisites*: ECON 110, ECON 111 and MATH 140 or MATH 150.

* Course Time: Wednesday, 6:00-8:50 pm
* Course Location: Bell Tower 2704
* Office Hours: Wednesday, 5:00-6:00 pm
* Office Location: Sage Hall 2016
* Phone: no voice mail set up – please email me
* Email: robert.deuson@csuci.edu
* Main textbook: Michael Baye, *Managerial Economics, 6th or 7th edition*, McGraw-Hill 2008, 2010[[1]](#footnote-1)
* Alternate text book: Nick Wilkinson, *Managerial Economics: a Problem-solving Appproach*, Cambridge University Press, 2005[[2]](#footnote-2)
* Tutor: TBD, at the Learning Resource Center (LRC), second floor of the Library (time TBD)

## Course Learning Objectives

Students who successfully complete this course will be able to:

* Identify positive and normative methods of analysis.
* Derive and interpret the optimality conditions for the constrained 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.
* Incorporate risk considerations as part of optimal decision-making.
* Apply fundamental economic reasoning to real-world situations, and generate logically consistent arguments regarding economic efficiency.
* 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.
* Identify circumstances where markets may fail and forecast likely outcomes of such failures.
* Analyze government solutions to market failures.

## What is this course about?

Although it is housed within the Business & Economics program at CSUCI, economics is actually a social science: a discipline focused on the explanation of human behavior. This course builds on your introductory courses to develop further your economic intuition and apply more advanced tools of economics to increasingly complex situations. In particular, the course focuses on the application of economic rationale to a broad array of managerial situations. Ideally, you will leave this course understanding how and why economics is important, useful and relevant to everyday decisions in a wide variety of situations.

## How do I teach?

This is a corner stone course in which you will learn how to: (1) identify management problems; (2) think critically for the purpose of solving them; (3) choose the appropriate economic tool(s) to solve them; (4) apply these tools to make your decision; and (5) evaluate the results of your decision. To that end, I emphasize a multi-faceted approach that will require both your quantitative skills, learned in this course and in other foundation courses you took (hence the term *corner stone course*), as well as your communication skills (written and oral).

This course will emphasize depth of understanding over breadth. Rather than introduce you to a dizzying array of concepts and tools, we will instead focus on a solid understanding of the application of economic analysis tools to solve problems you will encounter as a manager in your professional life.

## In today’s fast moving business environment, solving problems is nearly impossible without a team approach. Learn early how to communicate your ideas and your approach to solving problems with your team mates. Participate actively in classroom (and out of classroom) discussions. You don’t understand or you are not sure you do? Ask questions in class, in my office, and to your peers. This is your privileged time to learn.

## What should you do to succeed in this course?

* *Come to Class*: Attendance is expected. Lecture will be your best source of information for this course. Missing class means missing valuable discussion, quizzes and information regarding assignments.
* *Read the Book*: Students are notoriously reluctant to read textbooks, but the truth is that the text can be an extremely valuable source of information and clarification.
* *Do the Work*: Economics is a way of thinking, but to understand it takes practice... and "practice" means homework. Working your way through problems is an excellent learning tool, especially for those who lack confidence in their mathematical skills. Please note that, by necessity, this course makes intensive use of algebra and limited use of the calculus, including partial derivatives. If you are rusty, brush up on these skills early in the class.

## How will you be graded?

* **In-class quizzes (15%): I give a q**uiz as you enter the classroom**, every Wednesday.**
* **Lab practices (15%):** each class time is divided between a lecture and a lab. In the lab, we will solve business problems that you are likely to encounter in your professional life. The labs are important as they will prepare you for the quizzes and exams.
* **Exams (70%):** There will be 2 take-home midterms (20% each) and a final (30%). *Yes, the final is cumulative!* However, you can expect more questions pertaining to the subjects covered since the midterms. This year the final is scheduled for **December 14, 2011 (to be confirmed),** in the classroom.
* No make-up quizzes, labs or exams will be given. Missing deadlines is no more acceptable in class than in it will be in your professional life.
* **The final course grade** is based on the percentage of total points earned throughout the semester calculated as the ratio of the weighted sum of all points earned to the weighted sum of all points possible.

## What are the exams, lab practices, and quizzes like?

The exams, lab practices, and quizzes in this course are designed to challenge your ability to use the tools of economics to analyze real world problems. Some will be thought problems to test your ability to think rationally: there may be no single “right” answer to these. Others may be more technical. All will be based on materials we have covered together in the course. I may put *bonus questions* on a quiz or exam to challenge you and give you an opportunity to *learn and earn* more. As class time permits, we will work on problems, quizzes, or exams with which you have had difficulty (usually during a lab practice).

### Exams

Approximately forty percent (40%) of each exam will consist of objective questions -- multiple choices, true/false or matching -- primarily to test your mastery of the basic skills introduced in the course. The answers to these questions will typically require analytical skills and some amount of mathematics. Strive for synthesis of concepts over memorization.

The remaining fifty percent (60%) will be divided (not always equally) between problem solving questions and essay questions. In addition, application of the appropriate analytical techniques and careful explanations in clear and concise written English are essential components in answering these questions successfully, i.e. I will not try to guess what you meant to answer.

### Quizzes, Lab Practices, and Guest Lectures

Take-home midterms and lab practices will closely resemble essay questions and problems found on the midterm and final exams. Quality of exposition and professionalism of presentation will count for part of your score. I value both completeness and conciseness: more words do not necessarily earn you more points. Most problems may be solved with the help of a calculator. Some problems may require the use of a computer and available software (mostly Excel).

In-class quizzes will be a mixture of multiple choice questions and short problems that can be solved by hand (e.g. graphics, algebra) or with a basic calculator. Expect an in-class quiz *before each and every lecture or lab*. These will be short quizzes (1-3 questions) to help you staying on target.

Every year I try to invite a couple of guest lecturers from various industries to provide more contexts to the material I am teaching, i.e. volunteer business men and women who volunteer their time to answer a common question: “Why do I need to learn this stuff?” These guest lectures take time and effort to organize so please make sure you attend them. Questions specific to these guest lectures may appear on the midterms and final exams.

## Academic Honesty

All work that students submit as their own work must, in fact, be their own work. Verbatim language taken from other sources -- books, papers, web sites, people, etc. -- must be placed in quotation marks and the source identified. Similarly, work on tests and exams must be the student's own work, not copied or taken from other students' work.

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 or examinations, help other students cheat or plagiarize, or commit other acts of academic dishonesty will receive appropriate academic penalties, up to and including a failing grade for the course.

Assignments or papers with plagiarized language or ideas will receive a failing grade. Plagiarism or cheating on quizzes or exams will also result in a failing grade. 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 the instructor on when and how to document sources if they have questions about what might constitute an act of plagiarism or cheating.

## Dates to Remember

* Friday, September 17: end of registration and change of program
* Friday, September 24: deadline to add with Chair signature
* Friday, November 5: deadline to withdraw with “serious and compelling reasons”
* Thursday, November 11: Veteran’s Day holiday: campus closed
* Thursday to Saturday, November 25-27: Thanksgiving, campus closed
* Saturday, December 11: last day of formal instruction
  + For this course: Wednesday, December 8
* Monday to Saturday, December 13-18: final examinations
  + For this course: Wednesday, December 15
* Thursday, December 23: Instructor’s grades due and last day of the Fall 2011 Semester
* Please update as needed by visiting: <http://www.csuci.edu/academics/calendar.htm#fall11>

## Topics

There are 15 lectures this semester (August 31 – December 7). I plan to cover about 15 topics corresponding approximately to the chapters in the Baye book and a couple of special topics. The following is the general list of topics I intend to discuss this semester:

|  |  |  |
| --- | --- | --- |
| Learning Unit | Lecture | Lab or Guest Lecture (TBC) |
| **1-5** | **Microeconomics: a Review** |  |
| 1 | Ch. 1 Fundamentals of Managerial Economics | NPV |
| 2 | Ch. 2 Demand and Supply | Excel Intro (Emagenit) |
| 3 | Ch. 3 Quantitative Demand Analysis: | Regression Primer (Dr. Shreay) |
| 4 | Ch. 4 Individual Behavior | MRS |
| 5 | Ch. 5 Production Costs | LP Primer (Dr. Barlev) |
|  | ***First take-home exam*** |  |
|  |  |  |
| **6-10** | **Industrial Organization** |  |
| 6 | Ch. 6 Organization of the Firm |  |
| 7 | Ch. 7 The Nature of Industry |  |
| 8 | Ch. 8 Market Structures |  |
| 9 | Ch. 9 Oligopoly |  |
| 10 | Ch. 10 Game Theory and Oligopoly | Rand Co. |
|  | ***Second take-home exam*** |  |
|  |  |  |
| **11-15** | **Pricing & Special Topics** |  |
| 11&13 | Ch. 11 & 13 Pricing Strategy | PriceSpective |
| 12 | Ch. 12 Economics of Information |  |
| 14 | Ch. 14 The Government in the Market Place |  |
| 15 | Special Topic: Decision Analysis Primer | Outcomes Insights, Inc. |
|  | ***In-class Final Exam*** |  |

Top of Form



|  |
| --- |
|  |

Bottom of Form

1. You may use earlier versions but make sure to check with me for completeness of the materials covered. If cost is an impediment, please consider renting the book or buying an electronic version. 2011 Pricing is as follows:

   TITLE: Managerial Economics & Business Strategy

   AUTHOR:Baye

   EDITION:7th

   COPYRIGHT YEAR:2010

   PUBLISHER: McGraw-Hill

   ISBN:9780073375960

   NEW:$205.75

   USED:$154.50

   RENTAL:$102.77, or:

   TITLE:Managerial Economics & Business Strategy

   FORMAT:CaféScribe Format

   AUTHOR:Baye

   EDITION:7th

   COPYRIGHT YEAR: 2010

   PUBLISHER:McGraw-Hill Higher Education

   ISBN:9780077387372

   DIGITAL:$146.75 [↑](#footnote-ref-1)
2. This textbook covers essentially the same material as the one by Baye. It is more economical and can be purchased on line in either paper or electronic format. eBook at Cambridge University Press:

   **Managerial Economics:** A Problem-Solving Approach

   Nick Wilkinson, Richmond: The American International University in London

   Adobe eBook Reader

   ISBN: 9780511113772

   Publication date: July 2005

   $66.00

   A paperback version is also available (used or new) on Amazon.com [↑](#footnote-ref-2)