

## E/M 360 Managerial Economics

Fall 2011

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Office Hours: 9:15-9:50 MTWRF, 2:30-3:30 MTWR and by appointment

Text: *Managerial Economics E/M 360*

### Course Description and Objectives:

Managerial Economics represents a hybrid between the classical training in microeconomic theory and the demand for practical application by students (and many professors, as well) in business and management. The course is intended to further develop and enhance students' critical thinking and problem solving skills using the tools of economics and the decision sciences. Compared to EM 380 Microeconomic Analysis, it treads somewhat lighter on some theoretical topics, with a stronger focus on the firm and the use of critical economic thinking for guiding managerial decisions.

Upon completion of this course, you should have a thorough grasp of microeconomic theory of the firm at a level more rigorous and fully developed than you received in principles, in mathematical, verbal and graphical terms. You should recognize and be able to set up and solve a wide variety of real-world problems that lend themselves to use of the tools of micro theory and the decision sciences. Likewise, you should be able to use the concepts to analyze real-world problems that don't lend themselves to "solutions," but instead require development of potential scenarios. Very importantly, you should understand both the power and the limitations of those tools, and interpret your solutions accordingly.

### Grading:

Three midterm exams	(100 points each)	300 points
Principles take-home		30 points
Homework (usually 25 to 40 points each)		270 points
In-class quizzes		50 points
Class participation/discussion		50 points
Final exam (1/2 unit exam, 1/2 comprehensive)		<u>200 points</u>
		900 total points

I don't have an established curve for grading aside from requiring 50 percent as the bare minimum to pass the course. I announce an approximate curve after each exam so that you can keep track of where you stand, and you should feel free to check with me at any time. **I will not accept late homework assignments** unless you have made prior arrangements with me, if there is some reason you cannot turn in the work when it is due; missed in-class quizzes cannot be made up. If you are unable to take an exam on the day it is scheduled, it is your responsibility to contact me beforehand (or afterwards with a verifiable medical or family emergency excuse). Please note the dates scheduled for exams and plan accordingly. Exams are given at night because they usually take two hours or more, but we will work around conflicts you may have. Class participation grades are enough to potentially move you up or down half a letter grade, and are based on your responses to pre-assigned discussion questions from the text, as well as your contributions to overall class discussion.

Gustavus has adopted an Honor Code, which you all agreed to abide by when registering. The following statement is to appear on every graded paper: "On my honor, I pledge that I have not given, received, nor tolerated others' use of unauthorized aid in completing this work." Having noted that, please also note that **I strongly encourage you to work together on homework assignments and in preparing for exams**. You can learn a great deal from each other in the process. However, the work you turn in should be your own. You should be careful about relying on others too much without making your own contributions to group efforts. I have found that those who have tried to get by copying others' assignments are usually lost on exams; the purpose of the homework is to help you master the problem-solving skills and prepare for the exams, so use it as such an opportunity. Although I have never needed to implement it, I inform you now that my policy is to give a zero on the first offense, and flunk anyone caught cheating or using someone else's work on exams or homework a second time.

Gustavus Adolphus College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or you think you may have a disability of any nature) and, as a result, need reasonable academic accommodation to participate in class, take tests or benefit from the College's services, then you should speak with the Disability Services Coordinator,

for a confidential discussion of your needs and appropriate plans. Course requirements cannot be waived, but reasonable accommodations may be provided based on disability documentation and course outcomes. Accommodations cannot be made retroactively; therefore, to maximize your academic success at Gustavus, please contact Disability Services as early as possible. Disability Services (<https://gustavus.edu/advising/disability/>) is located in the Advising and Counseling Center. Disability Services Coordinator Laurie Bickett ([lbickett@gustavus.edu](mailto:lbickett@gustavus.edu) or x6286) can provide further information.

Support for English Language Learners (ELL) and Multilingual students is available via the College's ELL Support staff person, Andrew Grace ([agrace@gustavus.edu](mailto:agrace@gustavus.edu) or x7395). He can meet individually with students to consult about academic tasks and to help students seek other means of support. The ELL Support person can also consult with faculty members who have ELL and multilingual students enrolled in their classes. The College's ELL staff person can provide students with a letter to a professor that explains and supports academic accommodations (e.g. additional time on tests, additional revisions for papers). Professors make decisions based on those recommendations at their own discretion. In addition, ELL and multilingual students can seek help from peer tutors in the Writing Center.

Questions about these policies can be directed to Barbara Knight Kaiser, Associate Provost and Dean Academic Programs ([kaiser@gustavus.edu](mailto:kaiser@gustavus.edu) or x7541).

### Schedule

Class will **normally** meet Monday, Tuesday, Wednesday, and Friday. However, with Nobel and various other interruptions in the schedule throughout the fall, we will meet several Thursdays to make up for lost time, and will take a different day off from time to time, so please keep your schedule open for this hour each day of the week. I will try to announce any deviations from the 'normal' schedule each Monday. Each class tends to grasp different material at different rates, but we will stick fairly close to the schedule below to assure that we cover all of the required material. Specific reading, discussion, and homework assignments will be announced in class. **IMPORTANT CLARIFICATION: The textbook we are using is actually a combination of chapters from two different books. They have organized them as I requested them in the table of contents, but they have merely duplicated pages from the originals, so chapter numbers will not appear to match the table of contents. The chapters listed in the schedule below are the ones from the table of contents—it will likely be best to go by title rather than number.**

<u>Week</u>	<u>Topic</u>	<u>Reading</u>
9/6	Introduction; Economics Review; Marginal Analysis	Chapters 1-3
9/12	Optimization; Demand Analysis	Chapter 3 & Appendix
9/19	Demand Analysis, Consumer Behavior, Elasticity	Chapters 4-5

#### **Exam #1 tentatively scheduled for Tuesday evening 9/27**

9/28	Production Analysis	Chapter 6
10/3	(Nobel Week) Production and Cost Analysis	Chapters 6 & 7
10/10	Cost Analysis	Chapter 7 & Handout
10/17	Cost Analysis, Linear Programming	Chapter 7 & Handout
10/24	(fall reading days) Linear Programming	

#### **Exam #2 tentatively scheduled for Monday evening 10/31**

11/1	Market Structure and Pricing Decisions	Chapters 8 & 9
11/7	Interdependence, Games, and Strategy	Chapter 10
11/14	Advanced Pricing Techniques	Chapters 11 & 12

#### **Exam #3 tentatively scheduled for Monday evening 11/21**

11/28	Organization of the Firm	Chapter 13
12/5	Risk Analysis	Chapters 14
12/12	Risk Analysis, Capital Budgeting	Chapter 14

#### **Final Exam tentatively scheduled for Tuesday, December 20 at 3:30 pm**