

## E/M 360 Managerial Economics

Fall 2015

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Office Hours: 9:15-9:50, MTWF, 2:30-3:30 MW and by appointment

Text: *Managerial Economics: Theory, Application and Cases*, 8<sup>th</sup> Edition, by Allen, et al  
Mike's Bikes, web purchase, [www.smartsims.com](http://www.smartsims.com)

### 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 202 Intermediate Microeconomic Theory, 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/scenarios accordingly.

### Grading:

Three midterm exams (100 points each)	300 points
Principles take-home	30 points
Homework (usually 25 to 40 points each)	270 points
Mike's Bikes assignment and final	150 points
Class participation/discussion	50 points
Final exam (1/2 unit exam, 1/2 comprehensive)	<u>200</u> points
	1000 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." 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. On homework assignments, I expect the work you turn in to be your own, but you are encouraged to work with others unless specifically asked not to do so. Homework assignments are intended to help your preparation for exams, so you need to be able to do the work independently. At the same time, you can learn a lot from each other, and it is important to take advantage of that opportunity. Full descriptions of the Academic Honesty Policy and the Honor Code can be found in the Academic Catalog (online at [www.gustavus.edu/general\\_catalog/current/acainfo](http://www.gustavus.edu/general_catalog/current/acainfo)). For more information about the Honor Code, contact Dean Brenda Kelly ([bkelly@gustavus.edu](mailto:bkelly@gustavus.edu) or x7541).

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 staff, 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 ([www.gustavus.edu/advising/disability/](http://www.gustavus.edu/advising/disability/)) is located in the Academic Support Center.

Support for English learners and multilingual students is available through the Academic Support Center's English Learning Specialist ([www.gustavus.edu/advising/](http://www.gustavus.edu/advising/)). The ELS can meet individually with students for tutoring in writing, consulting about academic tasks, and helping students connect with the College's support systems. When requested, the ELS can consult with faculty regarding effective classroom strategies for English learners and multilingual students. The ELS can provide students with a letter to a professor that explains and supports appropriate academic arrangements (e.g., additional time on tests, additional revisions for papers). Professors make decisions based on those recommendations at their own discretion. In addition, English learners and multilingual students can seek help from peer tutors in the Writing Center ([www.gustavus.edu/writingcenter/](http://www.gustavus.edu/writingcenter/)).

### Schedule

Class will **normally** meet Monday, Tuesday, Wednesday, and Friday. However, with a shorter semester, plus 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.

<u>Week</u>	<u>Topic</u>	<u>Reading</u>
9/8	Introduction; Economics Review; Marginal Analysis	Chapters 1 & 18
9/14	Optimization; Demand Analysis	Chapters 18 & 2
9/21	Demand Analysis, Consumer Behavior, Elasticity	Chapters 2 & 3
<b>Exam #1 tentatively scheduled for Tuesday evening 9/29</b>		
9/30	Production Analysis	Chapter 5
10/5	(Nobel week) Production and Cost Analysis	Chapters 5 & 6 & Appendices
10/12	Cost Analysis	Chapter 6 & Appendix
10/19	Cost Analysis, Linear Programming	Chapter 6 & Online chapter
10/26	(fall reading days) Linear Programming	Online chapter
<b>Exam #2 tentatively scheduled for Thursday evening 10/29</b>		
11/2	Market Structure and Pricing Decisions	Chapters 7 & 8
11/9	Interdependence, Games, and Strategy	Chapters 11 & 12
11/16	Advanced Pricing Techniques	Chapters 9 & 10
<b>Exam #3 tentatively scheduled for Monday evening 11/23</b>		
11/30	Risk Analysis/Mike's Bikes	Chapter 14
12/7	Risk Analysis/Mike's Bikes	Chapter 14
12/14	Wrapping up	
<b>A Mike's Bikes Final will be given late on Monday 12-14</b>		
<b>Final Exam tentatively scheduled for Thursday, December 17, 10:30 am</b>		

### A Final Note

I prefer to have a relatively relaxed, informal classroom atmosphere. I very much encourage you to interrupt me with questions about things you do not understand, and I want people to feel free to actively participate in class discussions. Like most, if not all of you, I can be easily distracted. I have found that students looking at or using cell phones or talking to each other (not part of a class discussion) distract me, and I usually observe that it also distracts the people around those students. Having observed many of my colleagues' classes from the back of the room, I have seen student laptops used for Facebook, e-mail, sports betting, shopping, and just about anything other than what I would consider proper use in a classroom. Again, it typically distracted the students behind and next to those computers, along with their users. So, I expect my classroom to be a cellphone free zone—NO TEXTING--and if laptops are used that they are only used for material immediately related to what we are doing in class, preferably in the back row. Thanks.