

Syllabus
Managerial Economics – Econ 370
University of Wisconsin Stevens Point
Fall 2011
Class Time: MW 2:00pm – 3:15pm CPS 209
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Introduction:

Managerial Economics applies the tools from intermediate microeconomics, game theory, and industrial organization in solving managerial problems. This course, more specifically, employs a supply and demand analysis, production and cost analysis, models of different market structures. Among the core topics are contracting, vertical and horizontal integration, principal-agent problems, and pricing and output strategies.

Textbook:

The textbook that we will be using is: Managerial Economics and Business Strategy, 6e, Michael R. Baye, McGraw-Hill Irwin. There will be a discussion forum on D2L where you can make comments, ask questions, make suggestions about the Chapters in the Book.

Learning Objectives:

Students that complete this class will be able: to **explain** how to use marginal cost and marginal benefit analysis for profit maximization and be able to **describe** the relationship between these variables; they will be able to **apply** quantitative tools to **analyze** demand and cost functions; they will be able to **explain** how to **understand** and **interpret** results from quantitative demand and cost analysis and they will be able to **identify** patterns in the data to make recommendations for economic actions; they will be able to **evaluate** strategies for competition and pricing in different markets with different levels of market power.

Policies:

Check your email at least twice a week for important updates and information about the course; no excuses for missed or late assignments due to hardware and/or software failure will be accepted; Cell phones are prohibited during exams; Makeup exams will only be provided with proper medical or legal documentation. Regular attendance is crucial for success in this class.

ASSIGNMENTS

Exams:

We will have three exams during the semester; each exam consists out of Multiple Choice questions and Short Answer Questions. The exams will not be cumulative; that means each exam will only topics from three chapters; that does not mean that tools that have been developed in preparation for the first exam will not be used in the third exam.

Homework:

We will have three exams during the semester; each exam consists out of Multiple Choice questions and Short Answer Questions. In addition to exams we will have weekly homework assignments, and a semester project. Here is an example of how to calculate your grade; let's assume that you got the following scores on the homework assignments: 0.76, 0.62, 0.94, 0.88, 0.43, 0.3, 0.76, 0.16; your average score would be a 0.61, but since the lowest score (or missed assignment) will be dropped your score would increase to a 0.67 (or 67%).

Homework #1 – Chapter 2 – Demand and Supply

Homework #2 – Chapter 3 – Quantitative Demand Analysis

Homework #3 – Chapter 5 – Production Process and Cost

Homework #4 – Chapter 6 – The Organization of the Firm

Homework #5 – Chapter 7 – The Nature of Industry

Homework #6 – Chapter 8 – Managing in different Market Environments

Homework #7 – Chapter 9 – Basic Oligopoly Models

Homework #8 – Chapter 11 – Pricing Strategies for Firms with Market Power

Semester Project:

Pick one of the following Time-Warner Cable Memos and work on it: Memo 1 (Chapter 3 & 4), Memo 6 (Chapter 3, 4, 5, 8), Memo 12 (Chapter 1, 8, 11), Memo 14 (Chapter 3, 11).

Extra Credit Opportunity

Find previously unpublished data that resembles any of the data that you worked on in your Time-Warner Case Study and conduct a similar analysis. It is possible to earn partial credit. Due date: Final Exam Day!

GRADING

Grading Scheme:

| | | | | | | | |
|---------|-----------|---------|-----------|--------|-----------|--------|-----------|
| 100-96% | A | 89-86% | B+ | 77-72% | C+ | 59-55% | D+ |
| 95-90% | A- | 85-82% | B | 71-66% | C | 54-50% | D |
| | | 81-78%- | B- | 65-60% | C- | | |

Grading

| | |
|------------------------------------|---|
| Exam 1 | 20% |
| Exam 2 | 20% |
| Final Exam (not cumulative) | 20% |
| Homework | 20% (lowest score will be dropped) |
| Time-Warner Case-Study | 20% |
| Extra Credit | 10% |

Grades will be rounded at my discretion. Neatness and professionalism counts!

Final Grade Calculation - Example:

Example: to show how final grades are calculated I am going to use the numbers from all of the previous examples: Let's say you got a 76% in the first exam a 64% in the second exam, and a 78% in the final exam; your final grade would be calculated as follows:

$$\begin{aligned} & 20\% * 76\% \text{ (Exam 1)} \\ + & 20\% * 64\% \text{ (Exam 2)} \\ + & 20\% * 78\% \text{ (Final Exam)} \\ + & 20\% * 67\% \text{ (Homework)} \\ + & 10\% * 75\% \text{ (Time-Warner Case Study)} \\ = & 72\% = \text{C+} \\ + & \text{Extra Credit maximum } 10\% = 82\% = \text{B} \end{aligned}$$

Disability Services:

The University offers several different services for students with Disabilities; for further information please do not hesitate to contact me. You can also have a look at the following website to get more information about the services that the university offers:

<http://www.uwsp.edu/special/disability/student/Student%20Information.aspx>

Academic Integrity

Academic Integrity refers to the “integral” quality of the search for knowledge that a student undertakes. The work a student produces, therefore, ought to be wholly his or hers; it should result completely from the student’s own efforts.

A student will be guilty of violations academic misconduct if he/she a) knowingly represents work of others as his/her own, b) uses or obtains unauthorized assistance in the execution of any academic work, or c) gives fraudulent assistance to another student.

For a complete definition of Academic Misconduct and a list of Students Rights and Responsibilities please refer to:

<http://www.uwsp.edu/admin/stuaffairs/rights/rightsChap14.pdf>

<http://www.uwsp.edu/admin/stuaffairs/rightsandresponsibilities.aspx>

Course Outline (The class schedule is tentative and subject to change)

| | | |
|-------------------------------|---|------------|
| Wednesday, September 07, 2011 | Syllabus and Math Test | |
| Monday, September 12, 2011 | Fundamentals of Managerial Economics | Chapter 1 |
| Wednesday, September 14, 2011 | Demand and Supply | Chapter 2 |
| Monday, September 19, 2011 | Demand and Supply | Chapter 2 |
| Wednesday, September 21, 2011 | Quantitative Demand Analysis | Chapter 3 |
| Monday, September 26, 2011 | Quantitative Demand Analysis | Chapter 3 |
| Wednesday, September 28, 2011 | Excel lab day | Chapter 3 |
| Monday, October 03, 2011 | Excel lab day | |
| Wednesday, October 05, 2011 | Excel lab day - study day! | |
| Monday, October 10, 2011 | Review | |
| Wednesday, October 12, 2011 | Exam 1 | |
| Monday, October 17, 2011 | NO CLASS | |
| Wednesday, October 19, 2011 | NO CLASS | |
| Monday, October 24, 2011 | Production Process and Cost | Chapter 5 |
| Wednesday, October 26, 2011 | Production Process and Cost | Chapter 5 |
| Monday, October 31, 2011 | Organization of the Firm | Chapter 6 |
| Wednesday, November 02, 2011 | The Nature of Industry | Chapter 7 |
| Monday, November 07, 2011 | The Nature of Industry | Chapter 7 |
| Wednesday, November 09, 2011 | Review | |
| Monday, November 14, 2011 | Exam 2 | |
| Wednesday, November 16, 2011 | Managing in different Market Environments | Chapter 8 |
| Monday, November 21, 2011 | Managing in different Market Environments | Chapter 8 |
| Wednesday, November 23, 2011 | Game Theory: Inside Oligopoly | Chapter 9 |
| Monday, November 28, 2011 | Game Theory: Inside Oligopoly | Chapter 9 |
| Wednesday, November 30, 2011 | Pricing Strategies | Chapter 11 |
| Monday, December 05, 2011 | Pricing Strategies | Chapter 11 |
| Wednesday, December 07, 2011 | Excel lab day | |
| Monday, December 12, 2011 | Excel lab day - study day! | |
| Wednesday, December 14, 2011 | Review | |
| Tuesday, December 20, 2011 | FINAL EXAM 10:15-12:15 CPS 209 | |