ECO 311 — Managerial Economics

Course Description and Objectives

Application of economic analysis in formulating business decisions, drawing upon the theoretical foundations of the concepts of demand, cost, production, profits, and competition, with special emphasis on case studies.

Students successfully completing this course should be able to determine an optimal course of action for a firm under various market conditions, analyze the factors that describe the value of a firm under different market structures, and apply statistical and economic tools to the processes of forecasting and optimization.

Prerequisites

ECO 232 or equivalent

Text and Other Materials

The textbook we will use is Managerial Economics and Strategy, 2nd Edition by Perloff and Brander, 2017, Pearson.

Additional materials will be made available in class and/or on Desire2Learn. This syllabus along with other class materials is available on Desire2Learn and can be printed out from there at any time.

Grading

Your course grade will be computed as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Three Exams (25% each)</td>
<td>75%</td>
</tr>
<tr>
<td>Homework Problem Sets</td>
<td>15</td>
</tr>
<tr>
<td>In-class Cases and Assignments</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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</tbody>
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Letter grades will be assigned according to the following scale:

- 90%-100%  A
- 80% - 89%  B
- 70% - 79%  C
- 60% - 69%  D
- < 60%      F

Your overall course average will be rounded up to the nearest integer, but no other curving will be done.

The Exams will consist of a take-home part and an in-class part. The in-class portion will be held in class on pre-determined dates (see schedule below); the take-home portion will be due on that day at the beginning of class. The dates will not be changed under any circumstances short of a natural disaster, an act of God, or the University canceling classes that day.

Homework Problem Sets will be assigned (posted on D2L) and due the following class period. In-class cases and assignments are group exercises (details will be provided in class).

Do not hesitate to ask for help – that's why I provide my contact information and office hours. Email is the best way to contact me; I will respond within 24 hours and usually much sooner than that.
House Rules

1. Silence your phone!
2. Ask questions, even the ones you think are dumb. Do it when you have them; don’t wait until the end of the term to figure out an issue addressed weeks before.
3. No loud food (e.g., crunchy stuff) during class!

Class Schedule

Below is a (very) tentative course schedule. The major topics are in bold; reading assignments are in parentheses after each subtopic. The designation PB means “Perloff-Brander,” our main text for this course. You are only responsible for sections and page numbers stated below; additionally, skip any “using calculus” sections.

Part 1: How some basic elements work (Weeks 1 and 2)

Introduction
- What is Managerial Economics all about? (PB Ch. 1)
- Some basic relations (class notes)

Markets at work
- Demand and supply, marginal concepts, etc. (PB Ch. 2 (p. 8-33))

Part 2: How firms make simple decisions about P, Q, etc. (Weeks 3–5)

Demand Analysis
- Elasticities, simple pricing etc. (PB Ch. 3 (p. 45-56), class notes)

Cost Analysis
- Short- and long-run cost functions, economies of scale and scope (PB Ch. 6 (p. 156-170, 178-187))

EXAM 1 – 9/25/2018

Part 3: How firms operate in various markets (Weeks 6–10)

Market Structures I
- Introduction (PB Ch. 7 (p. 224-226))
- Perfect Competition (PB Ch. 8 (p. 234-246, 250-257))

Market Structures II
- Monopoly and Market Power (PB Ch. 9 (p. 277-293, 297-302))
- The Case for Regulation (PB Ch. 16 (p. 547-553))
- Monopolistic Competition (PB Ch. 11 (p. 383-386) and class notes)
- Strategies to Keep Profits from Eroding in the Long Run (class notes)

EXAM 2 – 10/30/2018

Market Structures III
- Oligopoly – Traditional Models (PB Ch. 11 (p. 366-382) and class notes)

EXAM 3 – 12/11/2018, 4:00-6:30

Part 4: Advanced topics and more complex decisions (Weeks 11–15)

Game Theory
- Oligopoly – Interdependence and Strategy (Game Theory) (PB Ch. 12 (p. 396-409), Ch. 13 (p. 434-441))

Pricing Practices and Approaches
- Price discrimination (PB Ch. 10)
- Block pricing, bundling, two-part tariffs, peak-load pricing

Finals Week (12/10 – 12/14)
- EXAM 3 – 12/11/2018, 4:00-6:30
Program Learning Outcomes:

Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at [http://www.sfasu.edu/cob/grad-plo.asp](http://www.sfasu.edu/cob/grad-plo.asp).

General Student Policies:

Academic Integrity (4.1)

Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

Definition of Academic Dishonesty:

Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one’s own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one’s paper without giving the author due credit. Please read the complete policy at [http://www.sfasu.edu/policies/academic_integrity.asp](http://www.sfasu.edu/policies/academic_integrity.asp).

Withheld Grades Semester Grades Policy (5.5)

Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average.

Students with Disabilities

To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Human Services Building, and Room 325, 468-3004 / 468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to [http://www.sfasu.edu/disabilityservices/](http://www.sfasu.edu/disabilityservices/).

Acceptable Student Behavior

Classroom behavior should not interfere with the instructor’s ability to conduct the class or the ability of other students to learn from the instructional program (see the Student Conduct Code, policy 10-4). Unacceptable or disruptive behavior will not be tolerated. Students who disrupt the learning environment may be asked to leave class and may be subject to judicial, academic, or other penalties. This prohibition applies to all instructional forums, including electronic, classroom, labs, discussion groups, field trips, etc. The instructor shall have full discretion over what behavior is appropriate/inappropriate in the classroom. Students who do not attend class regularly or who perform poorly on class projects/exams may be referred to the Early Alert Program. This program provides students with recommendations for resources or other assistance that is available to help SFA students succeed.