

ECO 610-401
Managerial Economics

Instructor: Professor John Garen
Office: 335H Business & Economics
Hours: Tu, Th 10:45 – 11:45 and M 5:00 – 6:00.
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Autumn 2007
6:00 - 8:30 M
BE 209

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Preliminaries

This course applies economic analysis to managerial decision making for many business problems. Important concepts and ideas from basic economics that have particular relevance are reviewed and expanded upon. Additionally, considerable emphasis is placed on the strategy of the firm in dealing with competition in the marketplace and in establishing its internal organization.

Course Materials

Text: Brickley, James; Smith, Clifford; and Zimmerman, Jerold, *Managerial Economics and Organizational Architecture*, McGraw Hill – Irwin, 2007, 4th Edition.

Assorted articles also will be assigned.

Exams and Grades

Exams: Two midterms and one final exam will be given. Each exam covers approximately one-third of the course and covers material from the lecture and the assigned readings. Exams consist of essay and problem solving questions. Each exam counts for 20% of your grade.

Homework: Several homework assignments will be given throughout the term. Collectively, these count for 20% of your grade.

Extended Analyses: Each student is responsible for writing a 2 to 3 page analysis of a business problem or example illustrating topics covered in class. One is assigned for each part of the class (a total of three). The due dates for these are the following. 1st assignment: Monday, October 8. 2nd assignment: Monday, November 12. 3rd assignment: Monday, December 12. These analyses collective count 20% of your grade.

In summary:

<u>Task</u>	<u>Pct. of Grade</u>
First midterm	20%
Second midterm	20%
Final exam	20%
Homework	20%
Extended Analyses	20%

Additionally, at the end of the term, I award bonuses for class participation. The maximum bonus is small, but can matter for your grade in borderline cases.

Grades are assigned depending on your point accumulation throughout the term. In determining your grade, I follow the University rules regarding the marking system (see UK publication *Student Rights and Responsibilities*). It is the following (with slight paraphrasing).

- A: Represents exceptionally high achievement.
- B: Represents high achievement.
- C: Represents average achievement.
- D: not used for graduate students
- E: Represents unsatisfactory performance and indicates failure in the course.

Absences and Make-up Work

Absences and Attendance

There is no explicit attendance policy for the course, but good attendance is important for doing well in the course. If you miss a regular class meeting, it is your responsibility to obtain notes and other material from that class period.

Make-up Exams

Students who have a University-excused absence for missing an exam may take a make-up. Arrangements for a make-up must be made with the instructor as soon as possible. Make-ups will be scheduled at a time mutually convenient for the student and the instructor.

Make-up Homework

Make-up for missed homework is allowed only in extraordinary circumstances. Because homework is assigned well in advance of its due date, a University-excused absence on the due date is not sufficient to merit make-up work for the homework. One must have a University-excused absence that prevented work on the homework from the period of its assignment to its due date. Additionally, I release answer keys for homework as soon as feasible after the due date, making it problematic to accept late assignments.

General Course Outline and Readings

<u>Week</u>	<u>Topics</u>	<u>Textbook Readings</u>
8/26 - 9/1	Introduction; some basics of economics	Ch. 1; Ch. 2, pp. 14-19; Ch. 3, pp. 55-58, 62-67, 75-80.
9/2 – 9/8	no meeting; Labor Day	--
9/9 - 9/15	Costs and Decision Making; Economies of Scale	Ch. 5, pp. 140-150,153-154
9/16 – 9/22	Make Or Buy and Supplier/Buyer Relationships	Ch. 19
9/23 – 9/29	Make Or Buy, cont'd.	Ch. 19 (cont'd.)
9/30 - 10/6	FIRST MIDTERM (on 10/1); Demand and revenue	Ch. 4, pp. 96-114
10/7- 10/13	Basic compet. mkt. analysis; Pricing w/ market power, pt. 1	Ch. 6, pp. 160-167 Ch. 6, pp. 167-171
10/14 – 10/20	Pricing w/ market power, pt. 2; Pricing w/ market power, pt. 3	Ch. 7, pp. 184-198; Ch. 7, pp. 198-210
10/21 – 10/27	Game Theory and Strategy I	Ch. 9, pp. 251-264
10/28 - 11/3	Game Theory and Strategy II; repeated games and applications	Ch. 9, pp. 264-273; Ch. 6, pp. 178-181
11/4 - 11/10	SECOND MIDTERM (11/5); Incentives and Agency	Ch. 2, pp. 31-35; Ch. 10, pp. 280-285
11/11 - 11/17	Incentives and Agency (cont'd.)	Ch. 15
11/18– 11/24	No class. (Instructor is out of town.)	--
11/25 – 12/1	Incentives and Agency (cont'd.) Decision Rights and Job Design	Ch. 15; Ch. 12, pp. 326-340
12/2 – 12/8	Divisions and Hierarchies	Ch. 13
12/10, Mon.	FINAL EXAM, 6:00 pm	--