

Carleton University
Department of Economics
ECON 2009 – Managerial Economics
2019 Late Summer

Instructor: Professor Javier Torres Gomez

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Office Hours: Wednesdays, 5:30 – 6:30 pm

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Course Web Site: culearn.carleton.ca

Lectures: Mondays and Wednesdays, 2:35 – 5:25 pm in Southam Hall 518 (found in [Carleton central](#))

Tutorials: Mondays 1:05 – 2:25 pm in Southam Hall 518

PREREQUISITES and PRECLUSIONS

Precludes additional credit for ECON 2001, ECON 2002 (no longer offered), ECON 2003 (no longer offered), and ECON 2020. Prerequisite(s): ECON 1000 or FYSM 1003 with a grade of C- or higher; MATH 1009 (or equivalent) with a grade of C- or higher. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator, Amanda Wright.

A grade of C+ or higher is required to qualify for ECON 2030 and ECON 4020. DEF(erred final grade) status at the end of this course precludes (continued) registration in any other course for which the former is a prerequisite.

COURSE DESCRIPTION

Managerial economics presents the essential of microeconomic theory, managerial relevance for decision-making. An economic analysis of managerial decision-making; elements of production and cost; price and output determination under perfectly and imperfectly competitive market structures; the role of information; topics in business strategy; and the impact of government intervention.

TEXTS

W. Bruce Allen, N. A. Doherty, K. Weigelt, and E. Manseld (2013), *Managerial*

Economics: Theory, Applications and Cases, 8th edition, W.W. Norton & Company. Referred to as “ADWM” in the course outline.

M.R. Baye and J. Prince (2014): *Managerial Economics and Business Strategy*, 8th edition, McGraw-Hill Irwin. Referred to as “BP” in the course outline.

The textbook by Allen et al. is the required textbook for the course. The textbook by Baye and Prince is a supplementary reference.

COURSE OUTLINE

1. Introduction

The basic of managerial economics (ADWM: Ch.1; BP: Ch.1 & 2)

Supply, demand, and markets (ADWM: Ch.1; BP: Ch.1 & 2)

2. Demand theory (ADWM: Ch.2 & 3; BP: Ch.2)

3. Production Costs

Production theory (ADWM: Ch.5; BP: Ch.5) Analysis of costs (ADWM: Ch.6; BP: Ch.5)

4. Market structure and simple pricing strategies

Perfect Competition (ADWM: Ch.7; BP: Ch.8)

Monopoly and monopolistic competition (ADWM: Ch.8; BP: Ch.8)

5. Sophisticated market pricing

Price discrimination (ADWM: Ch.9; BP: Ch.11)

Bundling and intra rm pricing (ADWM: Ch.10; BP: Ch.11)

6. Business strategy

Oligopoly (ADWM: Ch.11; BP: Ch.9) Game Theory (ADWM: Ch.12; BP: Ch.10)

7. Risk, information problems, and incentives

Risk Analysis (ADWM: Ch.14; BP: Ch.12)

Principal-agent problems and managerial compensation (ADWM: Ch.15; BP: Ch.6 & 12)

8. Government and business* (ADWM: Ch.17; BP: Ch.14)

* The extent and coverage will depend on time availability

NOTE: The readings from Allen et al. are required while the readings from Baye and Prince are supplementary. Additional readings may be assigned as I see t. The course will use calculus and some elementary probability and statistics. It is assumed that you know the material covered in MATH 1009. A good reference for the application of the mathematical tools in this course is chapter 18 in Allen et al.

TUTORIALS

Attendance at the tutorials is compulsory. They will focus on homework assignments and practice problems that will help you understand better the material covered in the lectures and prepare for the mid-term and final examinations.

EVALUATION

Each student's grade will be calculated using the following instruments and weights:

Instrument	Weight
Three assignments	20%
Mid-term examination	30%
Final examination	50%
Total	100%

Assignments: They must be submitted in the class on the due date prior to the beginning of the lecture. Problem sets will be graded in a timely manner. Therefore, I will not accept late assignments.

There are two submission requirements for the assignments: (1) the pages must be stapled together; (2) you must provide a cover page with your information that you will be able to download in PDF format from cuLearn.

Spending time on your own trying to solve the problems in the assignments is a very good way to understand the material and perform well in the class. Although you are permitted to discuss the material with your classmates, you must ensure that the submitted work is your own; please see the statement on plagiarism below. Office hours offer a good chance to ask questions about the assignments.

Details and due dates for the assignments will be provided during the term. I will not accept late assignments or assignments that do not comply with the submission guidelines (1) and (2) as described above.

Mid-term examination: Students who miss the mid-term examination with a documented compelling reason will have the associated weight transferred to the final examination.

Final examination: Will be formally scheduled during the Late Summer examination period and cover all the materials of the course.

Satisfactory Performance Criteria: Students must fulfill all of the preceding course requirements in order to achieve a passing grade (D- or higher). See Academic Regulation 2.3 for the official meanings of these grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean.

Re-grading:

Students seeking reappraisal of their graded assignment or mid-term examination should contact the instructor within a week after they receive their grades. Students are required to send e-mail to the instructor with the subject "ECON 2009A-REQUEST FOR REGRADING" explaining the reason(s) for requesting a reappraisal of their graded work. Note: Reappraisals that do not conform to this standard will not be considered.

PLAGIARISM

Please be aware that plagiarism is serious offense at Carleton and should be recognized and avoided. For further information on how to do so, please see "Pammett on Plagiarism and Paraphrasing" at www.carleton.ca/economics/courses/writing-preliminaries.

REQUESTS FOR ACADEMIC ACCOMMODATIONS

You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

Pregnancy obligation: Write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details see the Student Guide.

Religious obligation: Write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details see the Student Guide.

Academic Accommodations for Students with Disabilities: The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with

the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

ATTENDANCE

I encourage you to attend the lectures and ask questions. I also recommend you spend time with the chapter of the book, as indicated in the course outline, prior to attending the lectures. Although the lecture slides follow closely the textbook, I will provide additional discussion of the various concepts that I will introduce.