

ECON 2009 B – Managerial Economics

Department of Economics

Carleton University

Fall 2019

COURSE INFORMATION

Instructor: Carolina Czastkiewicz

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Office Hours: TBD, B-851 Loeb Building

COURSE DESCRIPTION

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.

PRECLUSIONS and PREREQUISITES

Precludes additional credit for ECON 2001, ECON 2002 (no longer offered), ECON 2003 (no longer offered), and ECON 2020.

Prerequisite(s): ECON 1001 or 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.

TEXTBOOKS

W. Bruce Allen, N. A. Doherty, K. Weigelt, and E. Mansfield (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 class. The textbook by Baye and Prince is a supplementary reference.

COURSE OUTLINE

1. Introduction

The basics 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 intrafirm 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 of this topic will depend on time availability

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

TUTORIALS

Attendance to the tutorials is required. They will focus on practice problems of the topics covered in the lectures and will include graded quizzes that will help you understand the material covered in the lectures and prepare for the exams.

OFFICE HOURS

Taking advantage of my office hours is highly recommended. Please review the class material and come with specific questions. All questions are welcome. **Each topic in this course builds on the previous one so do not let a week go by without reviewing the material and making sure you understand it.** If you cannot make my office hours or the TA's office hours, email me to schedule a different time/day.

IN-CLASS PARTICIPATION

I will use the Polleverywhere polling system for live audiences to ask multiple-choice questions in class. Once the question is displayed, you will have a few minutes to work on the question and submit your answer via SMS, the polling website, or the website's app. Note that you will be charged regular SMS fees if you choose to answer via text message. You will get one bonus point for participating and one for providing the correct answer. The total bonus points can add up to 5% of your final grade. Note that these are bonus points, so you can still get the maximum grade without participating in any poll. However, these are also easy points that could make up for any lost marks in quizzes or exams.

In order to participate, you need to sign up at the link below with your **Carleton email account**: www.polleverywhere.com.

Before signing up for Polleverywhere you should read and understand the privacy policy: www.polleverywhere.com/privacy-policy.

EVALUATION

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

Instrument	Weight
Quizzes (5% each)	20%
Midterm exams (20% each)	40%
Final exam	40%
Total	100%

Quizzes: During four lectures or tutorials, part of the class time will be devoted to short quizzes to test your understanding of the class material. All 4 quizzes will account for 20% of your final grade. If you miss a quiz for a documented compelling reason, the weight of that quiz will be reallocated to the quizzes you do write.

Midterm I: Thursday, October 17th

Midterm II: Thursday, November 21st.

If you miss a midterm for a **documented compelling reason**, the weight of the midterm will be reallocated to the final exam. No makeup midterm will be offered.

Final comprehensive examination: It will be formally scheduled during the examination period and will include all material covered in class.

Satisfactory Performance Criteria

Students must fulfil all of the preceding course requirements in order to achieve a passing grade (D- or higher). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of 'F' until an appeal to write the deferred final exam, if granted by the Registrar's Office. A change of grade will be submitted when the deferred final exam has been written

and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades, and note that it stipulates that no course grades are final until approved by the Faculty Dean. Application to write a deferred final examination must be made at the Registrar's Office in writing no later than three working days after the original final examination was scheduled.

REGRADING

Students seeking reappraisal of their graded work (quizzes, exams) should contact the instructor within 2 weeks after they receive their grades.

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.

COURSE MATERIALS

All class material will be posted on cuLearn. Note that student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

REQUESTS FOR ACADEMIC ACCOMMODATION

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

Pregnancy obligation

Please contact your instructor 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, visit the Equity Services website:

carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor 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, visit the Equity Services website:

carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact

the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC 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 your instructor as soon as possible to ensure accommodation arrangements are made. For more details, visit the Paul Menton Centre website <https://carleton.ca/pmc>.

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and where survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor 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 policy at: <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline