

**ECON 2009C – Managerial Economics**  
**Department of Economics**  
**Carleton University**  
**Fall 2019**

### **Course Information**

Instructor: Hassan Faryaar

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Office Hours: Tuesday, 3:00 pm – 4:00pm

Lectures: Tuesday, 6:05 pm -8:55pm

Tutorials: Tuesday, 4:05pm – 5:25pm

### **Course Objectives**

This course provides students with economic concepts and practical analysis widely applied in managerial decision-making. The range of topics covered include determination of market demand and production output, market structures, pricing strategies, game theory, risk analysis, information asymmetries, and the impact of government regulation on business.

### **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(deferred final grade) status at the end of this course precludes (continued) registration in any other course for which the former is a prerequisite.

### **Textbooks**

**Required Textbook:** W. Bruce Allen, N. A. Doherty, K. Weigelt, and E. Mansfield (2013), ***Managerial Economics: Theory, Applications and Cases***, 8th edition, W.W. Norton & company. New York and London. ISBN: 978-0-393-91277-7 (Referred to as **ADWM**).

**Supplementary Reference Textbook:** Michael R. Baye and Jeffrey Prince (2017), Managerial Economics and Business Strategy, 8th edition, McGraw-Hill Irwin. ISBN-13: 978-0-07-352322-4 and ISBN-10: 0-07-352322-4 (Referred to as BP).

**Note:** Additional readings may be assigned. The course will use some calculus. 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 **Ch.18 in ADWM**.

## **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 intrafirm pricing (**ADWM: Ch.10**; BP: Ch.11)

### **6. Business strategy**

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

### **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 & Ch.12)

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

**Note:** The extent and coverage of materials will depend on time availability

## **Tutorials:**

The attendance for the tutorials is **compulsory**. They will focus on assignments and practice problems that will help you to understand better the material covered in the lectures and prepare for the midterm and final examinations.

## **Course Evaluations**

The assessment in this course will be done based on the following:

3 Assignments (5% each)	15%
1 <sup>st</sup> Assignment (September 24 - October 1)	
2 <sup>nd</sup> Assignment (October 8 – October 15)	
3 <sup>rd</sup> Assignment (November 19 – November 26)	
In-class quiz	5%
Midterm Examination (October 29)	35%
Final Examination	45%
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Total	100%

- **Midterm:** Midterm exam will be held on **Tuesday, October 29<sup>th</sup>**. Failure to write the midterm exam will result in a grade of zero without proper documentation. This documentation may be subject to verification, and as such must be accompanied by a “*Consent to Release Information to a Third Party*” form (available on CuLearn). Please note that no deferred midterm exam will be taken. If a student misses the midterm for a valid and documented reason, the 35% weight will be added to the final exam.
- **In class quiz:** In class quizzes will be taken at end of each lecture and it will cover the materials that have been taught during that lecture. Each quiz has 1% weight. Top 5 scores will be counted and make a maximum 5% of the final grade.
- **Final Exam:** The final exam covers all material. It will be held during the examination period which will be scheduled by the university.

## **Regarding:**

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 2009C-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 university 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](http://www.carleton.ca/economics/courses/writing-preliminaries).

### **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:**

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](#).

- **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](#).

- **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](mailto: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](#).

- **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](http://carleton.ca/sexual-violence-support)

- **Accommodation for Students 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](#).