

Course	BUSN 6120 Managerial Economics	
Term	Fall 2, 2008 - October 20 to December 19, 2008 - 5 - 9 pm	
Instructor	Name: Dr. Rainer Spanier, Phone: (Home) 626-355-7528 Email: spanier@roadrunner.com	
Catalog Description	The student examines the application of microeconomic theory as applied to the managers' responsibilities within the organization. This course should emphasize the quantitative and qualitative application of economic principles to business analysis.	
Prerequisites	BUSN 5620 and BUSN 5760 <i>"This course was assigned by Headquarters in St. Louis to include an assessment as a fundamental requirement for Webster University's continued accreditation."</i>	
Course Level Learning Outcomes	Outcome	Expectation
	1. Students understand how market forces affect price and quantity.	Students can utilize basic supply and demand analysis (graphical and quantitative) to predict the likely impact of events on the price and quantity sold of any product.
	2. Students understand elasticity and its relationship to pricing and revenue.	Students can both calculate elasticity and estimate elasticity empirically. Given the result the student can correct predict the effect of a given change in price on revenue.
	3. Students can utilize statistical analysis to assess product demand conditions	Students can take provided data and correctly estimate a demand function, determine the statistical significance, calculate the product elasticities (price, cross, and income) and infer the implications of that information to market demand conditions. Students can also learn how to measure risk and uncertainty, and then incorporate these measures into their business decision making.
	4. Students can utilize industry analysis to assess market position	Students can identify which of the four primary market structures most appropriately correlates to an industry. The student can draw inferences regarding firm behavior and performance. Students can identify the Oligopolistic model

		<p>that best describes the behavior of an Oligopolistic industry.</p> <p>Students can use basic game theoretic analysis to describe the behavior of firms in an Oligopolistic industry.</p> <p>Students can also utilize Michael Porter's Five-forces model to assess market potential and gain draw inference regarding firm behavior and potential performance.</p>														
Materials	<p>Thomas, Christopher R. and Maurice, S. Charles, <i>Managerial Economics</i>, Eighth Edition, McGraw-Hill Irwin, 2004, ISBN 0-07-287174-1; ISBN-13: 9780072871746.</p>															
Grading	<table border="1"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Participation</td> <td>20%</td> </tr> <tr> <td>Homework</td> <td>20%</td> </tr> <tr> <td>Presentation(s)</td> <td>20%</td> </tr> <tr> <td>Midterm</td> <td>20%</td> </tr> <tr> <td>Final Test/Project</td> <td>20%</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total: 100%</td> </tr> </tbody> </table> <p>A/A- Superior Graduate Work 90 – 100%</p> <p>B+/B/B- Satisfactory Graduate Work 80 – 90%</p> <p>C Work that is barely adequate as graduate-level performance</p> <p>F Work that is unsatisfactory</p>		%	Participation	20%	Homework	20%	Presentation(s)	20%	Midterm	20%	Final Test/Project	20%	Total: 100%		
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Activities	<p>It is expected that each student prepares and submits graduate-level homework at each session substantially covering at least one item of the previous session.</p>															
Policy Statements:	<p>We will meet once a week from 5 to 9 PM at the Los Angeles Air Force Base campus. As we are working with a difficult matter and a textbook with almost 700 pages, we are all encouraged to arrive on time. If we cannot meet on time or cannot a session at all, we all should contact the Webster University campus as early as possible. I would appreciate to be notified by email as well.</p>															
University Policies	<p>Academic Honesty The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p>Drop and Withdrawals</p>															

	<p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p>Special Services If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p>Disturbances Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p> <p>Student Assignments Retained From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project.</p> <p>Contact Hours for this Course It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.</p> <p>Please note: Contact hours might be revised according to class size!</p>
<p>Course Policies</p>	<p>This syllabus may be revised at the discretion of the instructor without the prior notification or consent of the student. The schedule below presents an approximate expectation of course progress. The instructor reserves the right to add, delete, or modify any weeks of this schedule. The instructor also reserves the right to change the overall course grade weighting. Any changes will be announced in class.</p> <p>If you miss class you are responsible for getting notes and assignments. <i>No late homework will be accepted.</i> Makeup exams will be scheduled only if arranged in advance of the scheduled exam date.</p> <p><i>"This course was assigned by Headquarters in St. Louis to include an assessment as a fundamental requirement for Webster University's continued accreditation."</i></p>

Weekly Schedule	Week 1 Thursday, October 23rd	
	PART I SOME PRELIMINARIES	
	• Chapter 1 Managers, Profits, and Markets	2
	- Managerial Economics and Economic Theory	
	- Measuring and Maximizing Economic Profit	
	- Separation of Ownership and Control	
	- Market Structure and Managerial Decision	
	• Chapter 2 Demand, Supply, and Market Equilibrium	34
	- Demand	
	- Supply	
- Market Equilibrium		
- Changes in Market Equilibrium		
- Ceiling and Floor Prices		
Week 2 Thursday, October 30th		
• Chapter 3 Marginal Analysis for Optimal Decisions	86	
- Concepts and Terminology		
- Unconstrained Maximization		
- Constrained Maximization		
• Chapter 4 Basic Estimation Techniques	121	
- The Simple Linear Regression Model		
- Testing for Statistical Significance		
- Evaluation of the Regression Equation		
- Regression Analysis in Managerial Decision Making		
Week 3 Thursday, November 6th		
PART II DEMAND ANALYSIS		
• Chapter 5 Theory of Consumer Behavior	164	
- Consumer Preferences and Utility		
- Indifference Curves		
- The Consumer's Budget Constraint		
- Utility Maximization		
- Individual Consumer and Market Demand Curve		
- Substitution and Income Effects		

	<ul style="list-style-type: none"> • Chapter 6 Elasticity and Demand 208 - The Price Elasticity of Demand - Price Elasticity and Total Revenue - Factors Affecting Price Elasticity of Demand
	Week 4 Thursday, November 13th
	<ul style="list-style-type: none"> • Chapter 6 continued - Calculating Price Elasticity of Demand - Marginal Revenue, Demand, and Price Elasticity - Other Demand Elasticities
	<ul style="list-style-type: none"> • Chapter 7 Demand Estimation and Forecasting 248 - Specification of the Empirical Demand Function - Market-Determined versus Manager-Determined Prices - Estimating Industry Demand for Price-Taking Firms - Estimating Demand for a Price-Setting Firm - Economic Models
	Week 5 Thursday, November 20th
	PART III PRODUCTION AND COST ANALYSIS
	<ul style="list-style-type: none"> • Chapter 8 Production and Cost in the Short Run 309 - Some Basic Concepts of Production Theory Production Function - Production in the Short Run - Short-Run Cost of Production - Relations between Short-Run Costs and Production -
	Week 6 Thursday, November 27th THANKSGIVING HOLIDAY
	<ul style="list-style-type: none"> • Chapter 9 Production and Cost in the Long Run 343 - Production Isoquants - Isocost Curves - Finding the Optimal Combination of Inputs Production of a Given Output at Minimum Cost - Returns to Scale - Long-Run Costs - Relations between Short-Run and Long-Run Costs

	<ul style="list-style-type: none"> • Chapter 10 Production and Cost Estimation 393 - Specification of the Short-Run Production Function - Short-Run Estimation: Some Problems with Measuring Cost - Estimation of a Short-Run Cost Function
	Week 7 Thursday, December 4th
	PART IV PROFIT MAXIMIZATION IN VARIOUS MARKET STRUCTURES
	<ul style="list-style-type: none"> • Chapter 11 Managerial Decisions in Competitive Markets 419 - Characteristics of Perfect Competition - Demand Facing a Price-Taking Firm - Profit Maximization in the Short Run - Short-Run Supply for the Firm and Industry - Profit Maximization in the Long Run - Profit-Maximization Input Usage - Implementing the Profit-Maximizing Output Decision
	<ul style="list-style-type: none"> • Chapter 12 Managerial Decisions for Firms with Market Power 470 - Measuring of Market Power - Determinants of Market Power - Profit Maximization under Monopoly: Output and Pricing Decisions - Profit-Maximizing Input Usage - Monopolistic Competition - Implementing the Profit-Maximizing Output and Pricing Decision
	Week 8 Thursday, December 11th
	<ul style="list-style-type: none"> • Chapter 13 Strategic Decision Making in Oligopoly Markets 518 - Decision Making When Rivals Make Simultaneous Decisions - Strategy When Rivals Make Sequential Decisions - Cooperation in Repeated Strategic Decisions

	<p>PART V ADVANCED MANAGERIAL DECISION MAKING</p> <ul style="list-style-type: none"> • Chapter 14 Advanced Techniques for Profit Maximization 574 - Multiplant Firms - Cost-Plus Pricing <p>Week 9 Thursday, December 18th</p> <ul style="list-style-type: none"> • Chapter 14 continued - Firms with Multiple Markets – Price Discrimination - Firms Selling Multiple Products - Why Multiple Products - Strategic Entry Deterrence <ul style="list-style-type: none"> • Chapter 15 Decision under Risk and Uncertainty 629 - Distinctions between Risk and Uncertainty - Measuring Risk with Probability Distributions - Decisions under Risk - Expected Utility: A Theory of Decision Making under Risk - Decisions under Uncertainty
<p>Additional Information</p>	