Managerial Economics
ECNM 602.13MS
Fall 2015, Session B

Wednesdays / 8:00 AM - 12:00 PM
Malibu Center

Professor Jared Ashworth
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Economists

- An economist is an expert who will know tomorrow why the things he predicted yesterday didn’t happen today.
- Economic forecasters assume everything, except responsibility.
- You know the difference between a dead economist and a dead cat? There are usually skid marks in front of the dead cat.

Course Description

The study of managerial economics develops a student’s ability to apply economic reasoning to decision making in business. In order for firms to successfully achieve objectives, management must understand the market and economic environment within which the firm operates. This course presents economic theories underlying consumer and producer behavior for less than perfectly competitive market structures. Emphasis is placed on analyzing and understanding strategic market interactions and the use of various pricing practices. The course explores ethical dilemmas that people face in firms and markets and offers guidelines to help values-centered leaders make the right choices in business. Prerequisite: ECNM 592 Economic Concepts or equivalent.

Objectives

After taking this class, you will be able to:

- identify the role of incentives and scarcity underlying all economic decisions.
- optimize firms’ decisions in the presence of strategic interactions.
- apply economic principles to solve real-world problems that you will face as a consumer, investor and manager.
Texts and Course Materials

Textbook

Managerial Economics, 7th Edition
William F. Samuelson and Stephen G. Marks
ISBN: 978-1-118-04158-1
John Wiley & Sons, Inc.

This textbook is used for both ECNM 592 and ECNM 602, though other professors may use other textbooks. As this is an older versions (the 8th Edition came out in November 2014), the textbook may or may not be available in the campus bookstore. However, you can find it online for a nice low price. Be sure to order the book in advance. You are responsible for all material even if you order late or shipping is delayed.

Other Assigned Readings

I will post any other required readings on Sakai under the “Resources” tab.

Other Recommended Readings

The Economist, The Wall Street Journal, The New York Times, Bloomberg, Reuters, etc. The Economist is a great resource for staying up to date on economic and political issues all over the world.

Tutors

The Program Office maintains a list of potential tutors. If you feel that you are not able to keep up, please contact the Program Office about a tutor.

Calculator

Purchase a cheap, basic calculator at the bookstore or any drugstore. Nothing resembling a scientific or financial calculator or any other calculator with memory capability will be allowed on exams. The rule of thumb is, “If it can do more than add, subtract, multiply, divide, do not bring it to an exam.” Make sure your calculator takes fractional answers to three or four decimal places. Do not wait until the day of an exam to find out that you can’t use your calculator. I would recommend the Casio HS-4G that the bookstore carries.
Guidelines for Student Success

- Be a leader. Leaders come to class prepared, form study groups, help their colleagues, and look at education as an opportunity to expand their knowledge base and business toolbox. Malcontents reject learning what they don’t already know, argue over grade points during class time, and complain about petty things. You are here to improve yourself.

- Read all scheduled pages of the text prior to class. If you have not had economics before, do the assigned reading at least two times, preferably three times, prior to class. You do not do this because everything you read will be on an exam. You do this to help you get a feel for the language of economics and for repetition understanding and interpreting economic concepts.

- Attempt each and every practice problem as if it will be collected and graded.

- Review each and every practice problem once the answers are posted. Discuss any remaining questions/confusion with your study group, tutor, and the professor.

- Form study groups on the first day of class and meet every week. Get a tutor for additional assistance outside of class.

- Call me with questions or ask to meet me during office hours.

- Evaluate your study habits on a weekly basis. Should you change your study time, study methods, or study partners? Do you put too much emphasis on practice problems and not enough on concepts and theory or vice versa?

- Use each quiz and exam as feedback as to how you are progressing. Learn from this feedback, figure out how you can improve, and adjust your behavior going forward.

- Leave the laptop and cell phone at the door (or off in your bag). Use class time to learn the intuition, participate with other, and take minimal hand-written notes.

Notice that this is not a 4-hour per week course. All of the activities listed above take a significant commitment of time, effort, and, most importantly, productivity.
Grading and Assessments

Evaluation

Your final course score will be calculated one of two ways:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Option 1</th>
<th>Option 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quizzes</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Participation</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Course Evaluation</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Mid-Term Exam</td>
<td>35%</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>45%</td>
<td>60%</td>
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Your grade will be calculated via the option that maximizes your score. Specifically, Option 1 if your highest test score is from the Mid-Term Exam and Option 2 if your highest test score is from the Final Exam. Often understanding economic concepts can be counter-intuitive at first, which is why Option 2 exists. However, if you do very poorly on the Mid-Term, consider that a sign that you need to change your study habits, study partners, or potentially get a tutor.

Problem Sets

As you can see above, there is no homework component to your grade. However, Practice Problem Sets will be posted in “Resources” on Sakai, with the solutions being posted shortly thereafter. I will NOT be collecting homework at any point. The purpose of the homework is to get you to work hands on with the conceptual material presented in the lectures. The material can look easy in the abstract, but that is in part because there is no way to fully appreciate the nuances of the material without applying it. Taking these problem sets seriously is the single best way to study for this course. For many students, there is a great benefit from working in groups. Both exams will feature one problem lifted directly from the assigned homework.

Quizzes

There will be four (4) quizzes given out throughout the class. Only your top three of four quiz scores count toward your final grade, each worth 5% of your final grade. Because of this, there will be no make-up quizzes.

Each quiz will be given at the beginning of class according to the Schedule below. They will pertain to the assigned reading. They will consist of five (5) questions, either T/F or multiple choice. Each quiz will last five minutes.

Exams

The mid-term exam will be given at the beginning of the fourth class session and will cover the first half of the course. The final exam will be given during the last class session and will be com-
prehensive. As mentioned, both exams will feature one problem lifted directly from the assigned homework. Also as mentioned, purchase a simple, cheap calculator (see above).

**Participation**

The class participation credit will be given based on your interactions during the class sessions. The various forms of interactions will include responding to questions, solving practice problems, and engaging in meaningful discussions during the class sessions. It is not expected that every student will participate in discussions during every class session. The grade will be based on the quality, not quantity, of participation during the entire course.

**Course Evaluation**

You must complete the course evaluation and share proof of submission by the designated date (TBD). Late evaluations will receive no credit. After you complete it, you can choose to send an notification to me through the system. Alternately, you can take a screen shot (“Print Screen”) and share the image file with me through Google Drive at jared.ashworth@pepperdine.edu.

**Letter Grades**

Final letter grades will be assigned via a standard rubric:

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<thead>
<tr>
<th>Grade</th>
<th>+</th>
<th>-</th>
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<tbody>
<tr>
<td>A (Outstanding)</td>
<td>93.0-100%</td>
<td>90.0-92.9%</td>
</tr>
<tr>
<td>B (Average)</td>
<td>87.0-89.9%</td>
<td>83.0-86.9%</td>
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<tr>
<td>C (Substandard)</td>
<td>77.0-79.9%</td>
<td>73.0-76.9%</td>
</tr>
<tr>
<td>D (Failing)</td>
<td>67.0-69.9%</td>
<td>63.0-66.9%</td>
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<tr>
<td>F (Failing)</td>
<td>&lt;=59.9%</td>
<td></td>
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</tbody>
</table>

Your final grade will be rounded to one decimal point, thus a 92.9245% is an A- whereas a 92.9723% is an A.
Other Rules and Policies

Re-grading Policy

Requests for a re-grade must be submitted in writing within three days of the return of the quiz or exam in question. I will disregard any requests made after that. If a re-grading request is based on grading discrepancies between two students, both students must submit their graded material for a re-grade. Please note that the entire quiz or exam, not just the part in question, is subject to re-grading (since mistakes can happen in both directions!). Remember, you are assessed on what is actually written on your paper, not what you meant to write.

University Code of Ethics

See “University Code of Ethics” in the current Academic Catalog for the entire code. The following is one excerpt. In my class as in life, if you are dishonest and/or unethical, you will face serious consequences. You are an adult enrolled in a graduate program and are expected to act like it.

General Conduct Expectations

Pepperdine University’s foundation of the Christian faith as the basis of its expectations of student conduct requires that all students maintain the highest standards of personal honor, morality, and integrity at all times. The University reserves the right to refuse admittance to or dismiss any person who violates these principles. If a student is charged with a crime or is subject to an investigation by the Department of Public Safety, the student must report the incident to the appropriate program office within 72 hours. - Student Code of Conduct

Originality of Work

This course may require electronic submission of essays, papers, or other written projects through the plagiarism detection service Turnitin (http://www.turnitin.com). Turnitin is an online plagiarism detection service that conducts textual similarity reviews of submitted papers. When papers are submitted to Turnitin, the service will retain a copy of the submitted work in the Turnitin database for the sole purpose of detecting plagiarism in future submitted works. Students retain copyright on their original course work. The use of Turnitin is subject to the Terms of Use agreement posted on the Turnitin.com website. You may request, in writing, to not have your papers submitted through Turnitin. If you choose to opt-out of the Turnitin submission process, you will need to provide additional research documentation and attach additional materials (to be clarified by the instructor) to help the instructor assess the originality of your work.
Policy on Disabilities

Assistance for Students with Disabilities

The Disability Services Office (DSO) offers a variety of services and accommodations to students with disabilities based on appropriate documentation, nature of disability, and academic need. In order to initiate services, students should meet with the Director of the DSO at the beginning of the semester to discuss reasonable accommodation. If a student does not request accommodation or provide documentation, the faculty member is under no obligation to provide accommodations. You may contact the Director of Disability Services at (310) 506-6500. For further information, visit the DSO Web site at: http://www.pepperdine.edu/disabilityservices/.
## Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic(s)</th>
<th>Textbook Reading</th>
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<tbody>
<tr>
<td>1</td>
<td>October 21, 2015</td>
<td>Oligopoly</td>
<td>Ch. 9 (pp. 349-66, 373, 376-78)</td>
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<td>2</td>
<td>October 28, 2015</td>
<td>Game Theory</td>
<td>Ch. 9 (pp. 368-73) and Ch. 10</td>
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<tr>
<td>3</td>
<td>November 4, 2015</td>
<td>Pricing and Price Discrimination</td>
<td>Ch 3 (pp. 95-109), Ch 9 (pp. 366-75, 378-82)</td>
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<tr>
<td>4</td>
<td>November 11, 2015</td>
<td>Antitrust</td>
<td>Ch. 8 (pp. 329-31), Ch. 9 (pp. 353-60), and Ch. 11 (pp. 449-55)</td>
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<td>Additional Reading</td>
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<td>FTC Antitrust Guide: “The Antitrust Laws;” “The Enforcers;” “Dealings in the Supply Chain” (All Sections); “Mergers” (All Sections)</td>
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<tr>
<td>5</td>
<td>November 18, 2015</td>
<td>Decision Making under Uncertainty</td>
<td>Ch 12</td>
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<tr>
<td>6</td>
<td>November 25, 2015</td>
<td>Asymmetric Information and Labor Markets</td>
<td>Ch 14</td>
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<td>Additional Reading</td>
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<td>TBA</td>
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<td>7</td>
<td>December 2, 2015</td>
<td></td>
<td>Assessment(s) Final Exam</td>
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**Assessment(s):** Quiz 1, Quiz 2, Mid-Term Exam, Quiz 3, Quiz 4, Final Exam