

Econ 3310
Managerial Economics
Fall 2021



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Office Hours: Wed & Thurs 2 – 3:30 PM and by arrangement

Course: Business firms face important decisions, small and large, every day. The task of managers, at all levels, is to make informed choices to advance their organization. A firm's goal is to maximize the present value of profits given limited resources. The objective of the course is to gain an understanding of the concepts and methods of microeconomics to help guide managerial decisions. Course material centers on several themes:

- Optimal decisions in strategic situations;
- Optimal decisions about inputs, outputs, and pricing;
- Optimal decisions with imperfect and asymmetric information;
- Market structure;
- Interpreting messy and incomplete data.

In particular, successful students will be prepared to:

- Utilize basic supply and demand analysis (graphical and quantitative) to predict the likely impact of events on the price and quantity sold of resources, products and services.
- Understand how prices get determined in markets, how market participants benefit in the form of consumer and producer surplus, and the consequences of government intervention.
- Calculate various elasticities and to estimate elasticities empirically to predict the effect of a given change in price on revenue among others.
- Understand the different costs of production and how they affect short and long run decisions.
- Derive the equilibrium conditions for cost minimization and profit maximization.
- Understand economies of scale, diseconomies of scale, economies of scope, and cost complementarities, and how each affects the cost of production.
- Estimate demand, cost, and profit functions, determine the statistical significance, and infer the implications of that information to market demand and supply conditions.

- Identify which of the four primary market structures most appropriately correlates to a firm and an industry and draw inferences regarding firm behavior and performance.
- Explain different pricing practices such as discrimination, two-part pricing, block pricing, commodity bundling, transfer pricing, and peak load pricing.
- Use basic game theoretic analysis to describe the possible behavior of firms in an oligopolistic industry.
- Apply appropriate problem solving and decision making skills in analyzing business situations.

Text: *Managerial Economics: A Problem Solving Approach, 5th ed.* by Froeb, McCann, Shor, and Ward, Cengage Learning, 2018. ISBN: 978-1-337-10666-5. **Note:** We will be using the Cengage MindTap learning software for this course. Information on how to register and access for MindTap can be found on the class Blackboard site and will be covered in class. Signup for MindTap is through the Blackboard site for the class.

IMPORTANT NOTICE: Use of the Cengage *MindTap* software in Blackboard for homework is mandatory. Assignments will be due during the first few days.

This course requires MindTap from Cengage. MindTap is available for purchase on its own, or through Cengage Unlimited, a subscription that gives you access to all your Cengage access codes and online textbooks for \$119.99 per term, \$179.99 per year or \$239.99 for two years. No matter how many Cengage products you use, they are included in Cengage Unlimited at no additional cost.

Prefer print? You also get a textbook rental with your activation through Cengage Unlimited for \$7.99 + free shipping and the option to purchase a loose-leaf version of your textbook, which you can keep. Cengage Unlimited is available in the bookstore or at [cengage.com/unlimited](https://www.cengage.com/unlimited).

Getting Registered

To access your course materials and explore Cengage Unlimited, log in to Blackboard and navigate to this course (ECON 3310). When prompted, create or log in with your Cengage account and follow the prompts to complete the registration process. For step-by-step help getting registered, head to [cengage.com/start-strong](https://www.cengage.com/start-strong) and check out our training video and instructions. Just select that you're using MindTap Blackboard.

Totally optional (but encouraged) *The Wall Street Journal*.

Outcomes Measures: Student achievement in course objectives are assessed using performance on tests and assigned problem sets.

Assignments: Homework problem sets are assigned. They are designed to give you the opportunity to practice the decision-making methods and strategies discussed in class. Assignments will be completed using MindTap through Blackboard. Approximately 353 points possible on homework. Assignments WILL have due dates. Do not anticipate the dates. Check MindTap for due dates.

Homework assignments consist of multiple (usually 3) parts for each chapter.

1. "Formative Assessments" which consist of reading a section of the chapter and answering one or two questions at the end of the reading. You click on the link to begin the assessment. The link is generally found at the end of the reading.
2. "Summative Assessments" consist of a set of MC questions about the chapter. You click on the link (usually at the top of the page) to begin the assessment.
3. "Homework" consists of other type questions concerning the chapter. There are generally 5 to 10 questions per chapter. The assignment open when you click on them.
4. There are approximately 353 points from homework assignments.

Tests: There will be three (3) tests. Tests will be taken on-line, using MindTap and Blackboard. Each is worth 100 points. 300 total points will be available on tests. You will have an approximately 40-hour window to complete the test. You may have two attempts to take the test. The second attempt is to compensate for any technical difficulties you might encounter.

There is a Syllabus quiz due during the first week of class. It is worth 10 points in the test category.

Grading Each test will count 25% toward your final grade. The total homework and assessment score will count the remaining 25%. That is, tests will account for 75% of your total grade and homework 25%.

A	90%
B	80%
C	70%
D	60%

Also, we might be using iClicker for both attendance and polling on an occasional basis, i.e. not every day. Points will be awarded for answering polling questions (the number of points available is uncertain at this point).

NOTICE OF POLICY ON ACADEMIC INTEGRITY

Policy on Cheating: Students are expected to be above reproach in all scholastic activities. Students who engage in scholastic dishonesty are subject to disciplinary penalties, including the possibility of

failure of the course and dismissal from the university. "Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or part to another person, taking an examination for another person, any act designed to give unfair advantage to any student or the attempt to commit such acts." Regents' Rules and Regulations, Part One, Chapter VI, Section 3, Subsection 3.2, Subdivision 3.22.

Cheating includes, among others but not limited to: (1) copying from the test paper of another student, engaging in written, oral, or any other means of communication with another student during a test, or giving aid to or seeking aid from another student during a test; (2) possession and/or use of materials during a test that are not authorized by the person giving the test, such as class notes, books, or specifically designed "cheat sheets"; (3) using, obtaining, or attempting to obtain by any method the whole or any part of an un-administered test, test key, homework solution, or computer program; (4) collaborating with or seeking aid from another student for an assignment without authority; (5) substituting for another person or permitting another person to substitute for one's self, or to take a test; and (6) falsifying research data, laboratory reports, and/or other records or academic work offered for credit.

Plagiarism means the appropriation, buying, receiving as a gift, or obtaining by any other means another's work and the unacknowledged submission or incorporation of it in one's own academic work offered for credit. Collusion means the unauthorized collaboration with another person in preparing academic assignments offered for credit or collaboration with another person to commit a violation of any provision of the rules on scholastic dishonesty.

Since scholastic dishonesty harms the individual, all students, and the integrity of the university, policies on scholastic dishonesty will be strictly enforced.

Students with Disabilities: The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring accommodation, please contact the UTEP Center for Accommodations and Student Support (CASS) at 747-5148. Their email is cass@utep.edu. The office is located in 106 Union East.

University Electronic Mail Notification Policy (Use of E-mail for Official Correspondence to Students)

All students should become familiar with the University's official e-mail student notification policy. It is the student's responsibility to keep the University informed as to changes in his or her e-mail address. All official e-mail correspondence will be directed to the student's UTEP e-mail account. Students are expected to check e-mail on a frequent and regular basis in order to stay current with University-related communications, recognizing that certain communications may be time-critical. It is recommended that e-mail be checked daily, but at a minimum, twice per week.

Email Etiquette

I seldom look at my work email on nights or weekends, so do not look for an immediate response at those times. Also, messages sent to me through Blackboard will take longer to be answered than those

sent through the regular campus email. If you need to email me, please include your full name and the class (I have more than one).

Use of Blackboard in Classes

This course uses Blackboard and Cengage Learning MindTap, a web-based course management system in which a password-protected site is created for each course. Student enrollments in each course are updated each evening. Blackboard can be used to distribute course materials, to communicate and collaborate online, to post grades, to submit assignments, and to take online quizzes and surveys. You will be responsible for checking the Blackboard course site regularly for class work and announcements. As with all computer systems, there are occasional scheduled downtimes as well as unanticipated disruptions. Notification of these disruptions will be posted on the Blackboard login page. Scheduled downtimes are not an excuse for late work. However, if there is an unscheduled downtime for a significant period of time, I will make an adjustment if it occurs close to the due date.

COVID-19

If you have tested positive for COVID-19, you are encouraged to report your results to covidaction@utep.edu, so that the Dean of Students Office can provide you with support and help with communication with your professors. It is important to follow all instructions that you receive as part of the diagnosis, including isolation and staying at home until a negative test is produced.

If you experience COVID-19 symptoms, please follow the isolation protocol by staying at home and getting tested as soon as possible. If the test is negative but you are still seeking accommodations, please contact the Dean of Students Office for guidance in a timely manner. Your instructor will work with the Dean of Students Office to determine the extent of any such accommodations.

We strongly encourage you to think and act proactively in all matters related to COVID-19 and your academic endeavors. The Center for Disease Control and Prevention recommends that people in areas of substantial or high COVID-19 transmission wear face masks when indoors in groups of people. The best way that Miners can take care of Miners is to get the vaccine. If you still need the vaccine, it is widely available in the El Paso area, and will be available at no charge on campus during the first week of classes. For more information about the current rates, testing, and vaccinations, please visit epstrong.org.

Frequently Asked Questions (FAQs)

Q1: I have to go to _____ (fill in some exotic location) on the day of the mid-term. Can I take the exam at another time?

A1: No. But, all tests are on-line with a 36 hour window to complete.

Q2: I have three other midterms on the same day and my cat has an appointment at the vet. Can I take the exam at another time?

A2: No.

Q3: Two other economics classes have exams that week. Can we reschedule ours?

A3: No.

Q4: My parents bought me airline tickets to _____ (fill in some exotic location) for the day before the final exam. Can I take the exam early?

A4: No. But see, Q1 above.

Q5: Will there be anything on the exam that is in the textbook or readings but wasn't covered in class?

A5: No.

Q6: Will the final be comprehensive?

A6: Not by design, but economics is by its nature cumulative.

Q7: I did badly on the mid-term (which was given three weeks ago), but I had three midterms that week. I really need a good grade in this class. Can you count the mid-term less or maybe throw it out?

A7: No.

Q8: I really need a good grade in this class but I didn't do well on the mid-term and I'm not really prepared for the final. But it's all my fault because I really enjoyed the class and got a lot out of it and you are a great instructor. Could I do an extra assignment to raise my grade?

A8: No.

Q9: There was the worst snowstorm in the history of El Paso on the day of the mid-term. I tried to get to class on time but my car got stuck in the snow. I got out to walk but slipped on some ice and broke my arm. I came to class right after I left the emergency room but everyone was gone. Can I make up the exam?

A9: Yes. Natural disasters are a valid excuse. But, also tests are on line.

Q10: My car broke down and I didn't make it in time for the mid-term. Can I make it up at another time?

A10: No, but see Q1.

Q11: I'm pregnant and the baby is due the day of the final. Can I take it early?

A11: Yes

Q12: I forgot to do the homework assignments. Can I turn them in late?

A12: No.

Q13: I forgot to take the on-line test. Will you extend the due date for me?

A13: No

Q14: I won't have the money to pay for MindTap until later in the semester. Will you extend the due dates for me?

A14: No

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Q15: I'm out-of-town for the first week of class, will I miss anything?

A15: Yes

Q16: I'm out-of-town for the first week of class, I noticed that a big assignment "How to Do Homework Assignments" is due the next week. Can I have extra time?

A16: No

~~Q17: I completed one attempt on the test. I wanted to take the second attempt to get a higher score. However, my internet went out (or some other "technical issue") and I couldn't finish the second attempt (or vice versa). Can I have another attempt?~~

~~A17: No~~

Q18: I'm looking at my grade in Bb and it's not showing some of my work from MindTap? Is that work lost?

A18: Bb and MindTap are sometimes slow to sync. The grades are in MindTap. If you see a score on the MindTap side it will show up in Bb eventually or I'll force an update if needed.

Course Outline

Chapter	Topics/Activities
1	Introduction
2	The One Lesson of Business
3	Benefits, Costs, and Decisions
4	Extent-How Much Decisions
5	Investment Decisions
	Test #1 (September 24-25)
6	Simple Pricing
7	Economies of Scale and Scope
8	Understanding Markets & Industry
9	Market Structure and Long-Run Equilibrium
10	Strategy-The Quest to Keep Profits From Eroding
	Test #2 (October 29-30)
12	More Realistic Pricing
13	Direct Price Discrimination
14	Indirect Price Discrimination
15	Strategic Games
16	Bargaining
	Test #3 (December 3-4)