

Economics 610-401
Managerial Economics

Fall 2005
Mon 6:00-8:30 p.m.

Professor: Frank Scott
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Course Description:

In this course we will apply economic theory to managerial decision making. We will employ many of the traditional tools of microeconomics and see how they can be used to analyze practical business problems. We will pay particular attention to the strategy of firms in the marketplace. ECO 610 is a core course in the MBA program and is intended to complement the other core courses. The course may well be of interest to students outside the MBA program.

Prerequisites for this course are ECO 201 and 202, STA 291, and MA 123. In other words, students are expected to have mastered principles of micro and macroeconomics, basic probability theory and statistics, and introductory calculus.

Required Text:

Besanko, Dranove, Shanley, and Schaefer, *Economics of Strategy* (3rd edition), John Wiley & Sons, Inc., 2004.

There will also be assigned readings for each class taken from business periodicals such as the *Wall Street Journal* and *The Economist*. These readings can be purchased in electronic form in a course packet available from XanEdu-ProQuest Learning. Instructions on how to do this will be given at our first class meeting.

Grading:

Grades in the course will be determined on the basis of performance on:

research memorandum (due Friday, 12/9/05)	30%
midterm exam (10/24/05)	30%
final exam (12/12/05)	30%

I will hand out detailed instructions for the research memorandum early in the semester. The remaining 10% of your grade will come from very short concept quizzes which we will have sporadically throughout the semester. These will be based on assigned outside readings. We will have six to eight quizzes, and I will drop the lowest of your scores in determining this portion of your grade.

Office Hours:

My office hours this semester will be 10:00-11:00 a.m. on Mondays and Wednesdays. I am available at most other times during the week. I realize that many of you work during the day, so if this is inconvenient for you, don't hesitate to make an appointment with me. I am also easily reachable by telephone and e-mail.

Course Outline and Reading Assignments:

8/29: Introduction [Besanko, Dranove, Shanley, and Shaefer, pp. 1-8]

9/12, 9/19: Economic concepts [BDSS, pp. 9-35]

9/26: Horizontal boundaries of the firm [BDSS, pp. 72-101]

10/3, 10/10: Vertical boundaries of the firm [BDSS, pp. 105-137]

10/17: Principal-agent relationships [BDSS, 476-480, 484-490, 510-525]

10/24: **Midterm Exam**

10/31, 11/7: Competitors and competition [BDSS, 199-229, 35-39]

11/14: Strategic commitment [BDSS, 232-256]

11/21: Pricing rivalry [BDSS, 259-290]

11/28: Entry and exit [BDSS, 297-325]

12/5: Industry analysis [BDSS 327-335, 349-351]

12/12: **Final Exam**