

UBC Sauder School of Business

COMM/FRE 295: Managerial Economics Fall 2016

COURSE INFORMATION**Division: Strategy and Business Economics****Instructor:** James Vercammenjames.vercammen@sauder.ubc.ca

HA 268; 604-827-3844

Office hours: M 9:30-10:30; W 10:30-11:30

Sections: 103 (COMM) and 101 (FRE): MW 1:00-2:30

Location: HA 491

UGO Support: Abril Castillo

comm295@sauder.ubc.ca

604-827-3172

Office hours: normal business hours

The course notes, assignments and past exams are posted on www.vercammen.ca. Please register your i-clickers and check your grades using *Connect* at elearning.ubc.ca/connect/. This course is cross-listed as FRE 295.

There will be a teaching assistant for this course. Contact details to follow.

COURSE DESCRIPTION

Managerial Economics covers the economic foundations of managerial decision-making. Topics include supply and demand, empirical methods, production and cost, organization and objectives of the firm, competition and monopoly, pricing with market power, oligopoly and monopolistic competition, game theory, uncertainty and information, the agency problem, behavioural economics, and market failure.

LEARNING OBJECTIVES

By the end of the course, students should be able to apply economic models and economic analysis to a wide range of business problems, especially pricing decisions and competitive strategy decisions. In carrying out economic analysis students should be comfortable using diagrams, a variety of mathematical techniques, and spreadsheets.

ASSESSMENT**Assignments**

#1 Distributed Sept. 19, due Oct. 3 – 5%

#2 Distributed Nov. 9, due Nov. 23 – 5%

Midterm Exam

Thursday, Oct. 27, 6:30—8:30 pm HEBB 100 – 35%

Class Participation (including clicker questions) – 10%**Final Exam** – 45%**Total:** 100%**ACADEMIC INTEGRITY AND PLAGIARISM**

All UBC students are expected to behave as honest and responsible members of an academic community. See <http://www.calendar.ubc.ca/vancouver/index.cfm?tree=3,54,111,959>

Required Textbook: Managerial Economics and Strategy, 2nd edition by Jeffrey Perloff and James Brander. This textbook is available in the UBC bookstore or can be obtained at lower cost as an e-book from the bookstore or on-line. Used copies of the 1st edition are also acceptable. Used copies of earlier (custom paperback) editions are not recommended. Access to the helpful online resource MyEconLab comes with new copies, but is not required. Access to MyEconLab by itself is sold at <http://catalogue.pearsoned.ca/educator/product/Managerial-Economics-and-Strategy-Plus-MyEconLab-with-Pearson-eText-Access-Card-Package/9780134472553.page>.

Technology Requirements: All students must have an iClicker and should have a laptop computer. All students must be able to access the Connect website for the course.

Course Schedule

Class	Day	Date	Reading	Topic	Comment
1	Wed	7-Sep	1,2.1-2.4, 3.1	Introduction, Supply and Demand, Elasticity	Review
2	Mon	12-Sep	6.1,6.2, class notes	Production and Cost, Oil Industry Case	
3	Wed	14-Sep	3.2	Estimation I	
4	Mon	19-Sep	3.3, 3.4	Estimation II	Assign 1
5	Wed	21-Sep	7.1-7.4	Organization and objectives of the Firm	
6	Mon	26-Sep	8.1-8.4	Competition, Consumer Surplus	
7	Wed	28-Sep	8.4, 9.1-9.4	The Invisible Hand, Monopoly	
8	Mon	3-Oct	10.1-10.4	Pricing: Price Discrimination	Assign 1 due
9	Wed	5-Oct	10.5, 10.6	Pricing: Two-Part Pricing, Bundling	
	Mon	10-Oct		Thanksgiving (no class)	
10	Wed	12-Oct	10.6, 10.7	Pricing: Mixed Bundling, Peak-Load Pricing	
11	Mon	17-Oct	11.1, 11.2	Cartels, Cournot Oligopoly	
12	Wed	19-Oct	11.3, 11.4, 12.1	Betrand Oligopoly, Mon. Comp., Game Theory	
13	Mon	24-Oct	12.1-12.3	Static Games	
14	Wed	26-Oct	13.1-13.2	Dynamic Games	
	Thurs	27-Oct		Midterm	
15	Mon	31-Oct	13.3, 13.5	Entry Deterrence, Hold-Up	
16	Wed	2-Nov	13.6, 14.1	Behavioral Game Theory, Uncertainty	
17	Mon	7-Nov	14.2-14.3	Uncertainty cont'd	
18	Wed	9-Nov	14.5	Behavioral Decision-making under Uncertainty	Assign 2
19	Mon	14-Nov	15.1, 15.2	Adverse Selection	
20	Wed	16-Nov	15.3, 15.4	Moral Hazard and Agency	
21	Mon	21-Nov		Economic Research Example	
22	Wed	23-Nov	15.4, 15.5	Contracts and Monitoring	Assign 2 due
23	Mon	28-Nov	16.1, 16.4	Market Failure	
24	Wed	30-Nov		Catch up and Review	
25	TBA	TBA		Final Exam	Comprehensive