

San Francisco State University
BUS 883: Economics for Managers
Spring 2017

Instructor:	Gregory Perelman	Class Web site:	www.gperelman.com
Contact e-mail:	gp36@yahoo.com		
Class Meetings:	Fridays 5:30-9:00 pm; Saturdays 1:30 - 5:00 pm February 3, 4, 17, 18 March 17, 18 April 7, 8, 21, 22 May 5		
Office Hours:	before/after class and by appointment (phone/skype/viber)		

Course Description:

Managerial Economics is an application of economic theory and methodology to managerial decision making problems within various organizational settings. We will examine key findings of micro and macroeconomics and learn how supply and demand framework works within different market structures (perfect competition, oligopoly, and monopoly); the course uses a variety of real-world examples and current events to illustrate key economic concepts.

Textbooks

- *Economics*. McConnell C., Brue S., Flynn S. McGraw Hill, 20th Edition, 2014 (ISBN10: 0078021758; ISBN13: 9780078021756)
- Chapters 12 and 13 from *Managerial Economics and Strategy*. Perloff J.M. and Brander J.A. Pearson. 2nd Edition. 2014 (ISBN: 9780133457087)

Cases:

1. Pricing Games: Sony PlayStation and Microsoft Xbox. Case W88C82; February 17, 2011
2. Airlines and Antitrust: Scrutinizing the American Airlines-US Airways Merger. KS 1140 (Case Number 2044.0); August 13, 2015
3. Quantitative Easing in the Great Recession. KEL 782; Rev. date: May 9, 2014

Other reading materials will be distributed in class or over the class web page.

Grading Policies:

Class participation	10%
Case studies (group)	15%
Quizzes	50%
Group project	<u>25%</u>
Total	100%

Class participation:

This course is structured as a SEMINAR, which means you must come prepared for class discussions and actively participate in class to receive credit. This also means that unexcused absences will count against your final grade. If you expect to miss a class for any reason, send me an e-mail beforehand. In class discussions, entire groups may be asked to take stands and express their views on the case questions. At other times, individual students will be asked to do the same. Students can expect a mix of all approaches. Questions and discussions are encouraged throughout the course.

Case studies:

In this class, you will work with a team (3-4 students) on three case studies. For each case, your team must submit a 3-4 pages write up (excluding exhibits), which address questions posted on the course website for each case. If you include exhibits, please refer to them in the text and make clear why they were included. Submit Excel spreadsheets with your work, so I can check how you arrived at your solutions.

A few more comments on the write ups: no detailed background of the case is needed in the write up – a few lines will be sufficient. At the same time, do not assume that the reader knows every number in the case. The write up is a stand-alone document (do not refer the reader to “see details in Excel file”), it should state major problems or opportunities facing the decision-maker, list alternative courses of actions and come up with a specific recommendations. It is important to make decisions given the information and data provided within the case. You are welcome to use outside sources, but, as in real life, you will never have complete information and unlimited time to make your decisions. If you make any assumptions, clearly state them. The write-up should be professionally formatted and addressed to the CEO/CFO as an internal or consulting report. Write in complete and grammatically correct sentences. Avoid bulleted presentations.

All submitted files must follow naming conventions and include your name (for individual work) and team/case numbers for group submissions – see class website for details.

Quizzes:

We will have several quizzes during the course. All quizzes are open book/notes. The lowest score on the quizzes will be dropped in calculating your course grade. No make-up quizzes will be given.

Group final project:

The final project is designed to apply the material learned in this course. Your group (3-5 students) will study a managerial problem, which can be resolved using tools learned in this course. The study will consist of three parts:

- 1) managerial problem – identify the issue that organization (business, government, non-profit) is trying to resolve;
- 2) economic tools – present economic principles and methods to be employed in analyzing the issue
- 3) proposed solutions – explain how economic tools help in resolving the issue

Your findings will be reported in a 20-25-minute presentation during the last class session (May 5). More details about the project will be provided during in-class discussions and on the class website.

Tentative Class Schedule

Meeting	Topics/readings/assignments
1	<p>Introduction: economics and the economy</p> <p>Required reading: Ch. 1: Limits, Alternatives, and Choices Ch. 2: The Market System and the Circular Flow</p>
2	<p>Demand and supply</p> <p>Required reading: Ch. 3: Demand, Supply, and Market Equilibrium Ch. 4: Market Failures: Public Goods and Externalities Ch. 5: Government's Role and Government Failure</p>
3	<p>Consumer behavior</p> <p>Required reading: Ch. 6: Elasticity Ch. 7: Utility Maximization Ch. 8: Behavioral Economics</p>
4	<p>Microeconomics of product markets</p> <p>Required reading: Ch. 9: Businesses and the Costs of Production Ch. 10: Pure Competition in the Short Run Ch. 11: Pure Competition in the Long Run</p>
5	<p>Product markets: cont.</p> <p>Required reading: Ch. 12: Pure Monopoly Ch. 13: Monopolistic Competition and Oligopoly</p> <p>Optional reading: Ch. 13W: Technology, R&D, and Efficiency</p>
6	<p>Game theory and strategy</p> <p>Required reading from Perloff textbook: Ch. 12: Game Theory and Business Strategy Ch. 13: Strategies over Time</p>
7	<p>Case 1 discussion: Pricing Games: Sony PlayStation and Microsoft Xbox</p>
8	<p>Business and government: taxation and regulation</p> <p>Required reading:</p>

	<p>Ch. 18: Public Finance: Expenditures and Taxes Ch. 19: Antitrust Policy and Regulation</p> <p>Optional reading: Ch. 21: Income Inequality, Poverty, and Discrimination</p>
9	<p>Case 2 discussion: Airlines and Antitrust: Scrutinizing the American Airlines-US Airways Merger</p> <p>Macroeconomics</p> <p>Required reading: Ch. 24: Introduction to Macroeconomics Ch. 25: Measuring Domestic Output and National Income Ch. 26: Economic Growth Ch. 27: Business Cycles, Unemployment, and Inflation</p> <p>Optional reading: Ch. 28: Basic Macroeconomic Relationships Ch. 29: The Aggregate Expenditures Model</p>
10	<p>Money, banking and monetary policy</p> <p>Required reading: Ch. 32: Money, Banking, and Financial Institutions Ch. 33: Money Creation Ch. 34: Interest Rates and Monetary Policy</p>
11	<p>Case 3 discussion: Quantitative Easing in the Great Recession</p> <p>Required reading: Ch. 31: Fiscal Policy, Deficits, and Debt</p>
12	<p>International economics</p> <p>Required reading: Ch. 38: International Trade Ch. 39: The Balance of Payments, Exchange Rates, and Trade Deficits</p>
13	<p>Course review and team presentations</p>