

University of Missouri  
Econ 3251 – Managerial Economics  
Fall Semester 2019

**Economics 3251** meets Tuesdays and Thursdays 2-3:15 pm in Middlebush 212

**Instructor:** Robert Hazel, [rahvzr@missouri.edu](mailto:rahvzr@missouri.edu), Tel: 573-884-4999, Cell: 571-723-3515

**Office hours:** MWF 10:00AM-11:30AM and by appointment, 326 Professional Building

**Course description:** Starting with basic economic concepts, such as consumer choice theory, price elasticity, price discrimination, and scale effects, we will gain insight into modern business strategy. Why are some firms and industries more profitable than others? What economic tools do managers use to help them increase market power and create barriers to entry? How do leading firms in the “new” information economy differ from successful firms of the past? What are the reasons for and consequences of greater concentration in many industries? Has antitrust law been effective?

**Course objective and learning outcome:** Gain familiarity with principles of managerial economics and strategy and be able to apply them in the real world.

**Prerequisites** Econ 1014 and Math 1400 (or equivalent).

**Required Text:** *Managerial Economics and Business Strategy* (9<sup>th</sup> ed.), by Michael Baye and Jeffrey Prince. The e-book is auto-access course material. Other readings will be posted on Canvas.

**Grading:**

Problem sets 25%

1<sup>st</sup> exam 25% - scheduled for Tuesday, 9/17

2<sup>nd</sup> exam 25% – Thursday, 10/24

3<sup>rd</sup> exam 25% - scheduled for Thursday, 12/5

Six problem sets will be assigned via Canvas. Problem sets are open-book/open-note and you are encouraged to work with other students and/or seek help from the teaching assistant. Answers will be collected at the start of class on the due dates; late assignments receive no credit.

**Canvas:** Course materials including handouts, supplemental readings, homework and any important course announcements will be posted on the Canvas site.

**Exams:** The exams are **closed book**. On exam days, students should not sit adjacent to one another. Further, the use of notes or electronic devices of any kind is not permitted during exams. Finally, students may be asked to show a **current student ID with a photo** at each exam.

There are no make-up exams, except possibly in the event of a medical or personal emergency. In case of an unavoidable emergency, you will be excused from the exam **if and only if** you provide me with your justification via e-mail and submit proper documentation in a timely manner (e.g. military orders in advance, or a doctor’s note/published obituary after the fact).

**Attendance: Lectures will cover a significant amount of material that is not included in the text or assigned readings.** Therefore, students are expected to attend the lectures and are responsible for material covered during lectures regardless of whether it is included in the text.

You should not hesitate to seek help from the instructor during office hours, as needed. Questions from students are welcome before, during and after class.

## Econ 3251 – Fall 2019: Class Schedule

<b>Week</b>	<b>Topics</b>	<b>Reading</b>	<b>Homework/Test</b>
Week 1 8/20 & 8/22	Introduction to Managerial Economics	BP 1-2	
Week 2 8/27 & 8/29	Consumer Theory – Indifference Curves	BP 4	
Week 3 9/3 & 9/5	Price Elasticity	BP 3	HW #1 due Tues. 9/3
Week 4 9/10 & 9/12	Producer Theory	BP 5	HW #2 due Tues. 9/10
Week 5 9/17 & 9/19	<b>1<sup>ST</sup> EXAM</b> Producer Theory in the Digital Economy	Canvas	<b>1ST EXAM – TUES. 9/17</b>
Week 6 9/24 & 9/26	Organization of the Firm – Mergers, Horizontal and Vertical Firm Boundaries, Principal/Agent Issues,	BP 6	
Week 7 10/1 & 10/3	Competition, Monopoly, and Monopolistic Competition	BP 8	HW #3 due Tues. 10/1
Week 8 10/8 & 10/10	Competition in the Digital Economy; Basic Oligopoly Models	Canvas, BP 9	
Week 9 10/15 & 10/17	Business Strategy – Introduction to Game Theory	BP 10	HW #4 due Tues. 10/15
Week 10 10/22 & 10/24	Game Theory and Business Strategy (continued)	BP 10	
Week 11 10/29 & 10/31	<b>2<sup>ND</sup> EXAM</b> Pricing Strategies for Firms with Market Power	BP 11	<b>2ND EXAM – TUES. 10/29</b>
Week 12 11/5 & 11/7	Other Strategies for Firms with Market Power	BP 13-14	HW #5 due Tues. 11/5
Week 13 11/12 & 11/14	Market Failures, Unfair Competition, and Government Intervention	BP 7 & Canvas	

Week 14 11/19 & 11/21	Market Failures, Unfair Competition, and Government Intervention	Canvas	HW #6 due Tues. 11/19
Week 15 11/26 & 11/28	NO CLASS (Thanksgiving Break)		
Week 16 12/3 & 12/5	Review on Tuesday <b>FINAL EXAM IN CLASS ON THURSDAY</b>		<b>FINAL EXAM – THURSDAY, DEC. 5</b>

### **Academic Integrity**

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

### **Accommodation of Disabilities**

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the Disability Center, S5 Memorial Union, 882-4696, and then notify me of your eligibility for reasonable accommodations. For other MU resources for students with disabilities, click on "Disability Resources" on the MU homepage.

### **Intellectual Pluralism**

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the Departmental Chair or Divisional Director; the Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>); or the MU Equity Office (<http://equity.missouri.edu/>), or by email at [equity@missouri.edu](mailto:equity@missouri.edu). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

### **Academic Inquiry, Course Discussion and Privacy**

University of Missouri System Executive Order No. 38 lays out principles regarding the sanctity of classroom discussions at the university. The policy is described fully in Section 200.015 of the Collected Rules and Regulations. In this class, students may make audio or video recordings of course activity unless specifically prohibited by the faculty member. However, the redistribution of audio or video recordings of statements or comments from the course to individuals who are not students in the course is prohibited without the express permission of the faculty member and of any students who are recorded. Students found to have violated this policy are subject to discipline in accordance with provisions of section 200.020 of the Collected Rules and Regulations of the University of Missouri pertaining to student conduct matters.