

DePaul University
Kellstadt Graduate School of Business

ECO 555: Managerial Economics
Winter 2021

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Important: As the term progresses, we may need to adjust some parts of the syllabus (e.g., due dates or instructions for assignments) to keep the course running smoothly and in a way that is manageable for all. This is a new format for this class, and the current circumstances have sent us into somewhat uncharted territory, but we will work to have an excellent experience together. I am committed to creating a quality learning environment and challenging you to think in new ways.

General Objective

Learn the economic way of thinking and be able to apply economic frameworks to decision-making in the business world.

Course Description

This class introduces fundamental economic tools and models for decision-making in managerial, entrepreneurial, corporate, and other business environments. The economic approach provides a solid foundation for business decisions because it relies on rigorous principles and careful evaluation of costs and benefits associated with alternative courses of action. We will use a two-pronged methodology. First, we introduce the economic way of thinking, along with the major frameworks necessary to understand the economic environment and make various types of business decisions. Second, we discuss many examples and short case studies to illustrate how the frameworks apply to real world scenarios. Ultimately, the integration of analytical tools and applications will help you develop the ability to utilize these tools on your own and sharpen your intuition and decision-making skills in the business world.

Prerequisites

This is an intermediate level class which uses some math and lots of graphs. The material from GSB 519 is more (way more!) than enough for this purpose.

Course Format

We will conduct this online course in an *Online Hybrid* format. This means that:

1. I will deliver my lectures asynchronously and post them on D2L.
2. Every week we will have Zoom contact hours on Wednesdays (section 220 from 3:10 to 4:40 p.m., and section 221 from 5 to 6:30 p.m.--your Campusconnect enrollment tells you your time slot). During our contact hours we will review lecture material, have group discussions, and look at new applications of the material covered in the lectures.

I will post my lectures every **Wednesday** before 11:59 p.m. You can work through each week's lecture at your own pace but keep in mind that we will reference lecture materials during the contact hours and that there will be weekly deadlines for discussion posts and assignments.

Please make sure to have the necessary technical resources to be able to access course materials and complete assignments. If you do not have access to the following resources, please let me know immediately so I can make accommodations for you:

- A computer that connects to the internet (web cam helpful but not required)
- A working email account that you check regularly (updated in Campusconnect). All class-related communication comes through DePaul email, so make sure to check this frequently
- Access to Microsoft Office or similar software
- Ability to playback video files

Office Hours

I will conduct office hours in two ways:

1. By appointment at a mutually convenient date and time. Please email me to make an appointment. I am responsive to email and will reply the same day.

2. During our Wednesday Zoom contact hours, we will open with a Q&A session.

Contact hours are also good to chat about the economic news of the week and get to know each other in a synchronous way.

Course Materials

1. Text: *Microeconomics, 1st. or 2nd. ed.*, B. Douglas Bernheim and Michael Whinston, McGraw Hill, 2007/2013. Find an older/used edition online so you do not spend much money on the text. I do not teach out of the book explicitly but have noted the chapters that correspond to the lecture topics in the course outline below.
2. I will post lecture slides and video lectures on D2L. I will make the slides available to you as separate files in addition to the video lectures.
3. Required cases, assignments, and non-text readings -posted on D2L in advance. I may also post supplemental readings that will not be required, but that you may find interesting.

Grading

I will determine your grade using the following components and weights:

Case reports (group grade)	30%
Discussions (individual grade)	30%
Midterm Exam (individual grade)	20%
Final Exam (individual grade)	20%

The grading scale is”

A	93% and above	C	73-76%
A-	90-92%	C-	70-72%
B+	87-89%	D+	67-69%
B	83-86%	D	60-66%
B-	80-82%	F	59% and below
C+	77-79%		

We will grade and return your assignments within one week or less of their due dates. If you require any clarification on any of your grades, please contact us at most ten days after receiving your graded assignment.

Case Reports

Case reports will be due at noon central time on the due dates

There are four required case reports and one optional one. You will work in groups of three to prepare a report on each case. Working in small groups is realistic to the state of work in the real world and will also allow you to learn more from the cases because each member may glean different insights and find different connections between the course content and the case.

Group formation: There is a class roster available on D2L under Class List. If you know someone in the class or would like to work with someone in the class, please reach out to that person using the D2L Class List feature. I will set up a group sign-up on D2L. The first group case is due on January 20.

Reports will be based on questions I post on D2L. Reports, in PDF (preferred) or MS Word format, are due in the D2L Submissions box by 11:59 pm on the date noted in the course outline below.

You can use the optional fifth case to replace a low report grade, and you may work on the report alone if your partner does not want to do it.

Case reports will be graded on a 10-point scale based on content, organization, and writing:

Content

- Analysis applies concepts and frameworks from class to the case
- Addresses questions thoughtfully and analytically
- Any points that are made are backed up by solid theory or evidence
- Analysis does not rely on unsubstantiated claims
- Analysis uses positive economic analysis (not normative or emotional)
- Answers do not re-teach material from class
- Analysis uses economic concepts and terminology correctly
- Report does not quote extensively from the case

Organization and Writing

- Report is logically organized and easy to follow
- Report uses primarily active voice
- Report does not use flowery or convoluted language
- Report uses accurate spelling, punctuation, and grammar
- Report properly cites and attributes sources outside of the case itself

Discussions

There will be weekly online discussions in the D2L discussion boards. I will post two main types of questions for discussion each week: (i) Reading questions or (ii) Questions based on the lectures and video content. **At a minimum, you are required to make two posts each week; one must be a thread that you start, and one must be a response to a thread someone else started.** You may exceed this minimum requirement as you wish. **Discussion boards will close on Wednesdays at noon.**

Discussion Post Standards and Etiquette

- a. Posts demonstrate knowledge of the class concepts and are linked to evidence and/or course material.
- b. Timely -adhere to the time window set aside for each discussion, not posted at the last minute. Timely posting leads to productive discussions, in that it allows class members to respond to each other's comments. Posts will be marked down if they are consistently entered during the last hours the board is open.
- c. If your post is related to an existing thread, you must reply to the existing thread, not create a new thread.
- d. Respectful -even when there is strong disagreement.
- e. Stimulate thinking. Do not be afraid to challenge existing comments.
- f. Encourage others to provide evidence and/or refer to course concepts to support their arguments.
- g. Move the class understanding forward.
- h. Do not ramble.

Posts that simply state "I agree" or "I was going to say the same thing" or repackage what a previous classmate said are not actually discussion posts and will not be credited as such.

Please do not write in all CAPS. If you want to emphasize a word or phrase you may write it in bold, italics, underline it, or put an asterisk before and after the word or phrase.

I will actively monitor the discussion boards and participate when I see fit. I will keep track of the posting requirements and the quality of your comments.

Exams

The midterm and final exams are written 'take home' exams. You will have one week to work on the exams. Though not comprehensive, the final exam may include questions that build upon material from the first half of the course.

Course Organization:

The learning unit in this course is the week. Each quarter has 10 instructional weeks. To avoid bottlenecks of due dates with respect to your other classes, we will follow a weekly schedule that begins on Wednesday (i.e., new lecture videos and discussion questions will be posted on Wednesdays).

Week	Start Date /cases, exams
1	January 6
2	January 13
3	January 20 Case 1 due at noon
4	January 27 Case 2 due at noon
5	February 3 Midterm distributed
6	February 10 Midterm due at noon
7	February 17 Case 3 due at noon
8	February 23 Case 4 due at noon
9	March 3 Optional case; noon
10	March 10 Final distributed
11	March 17 Final due 11:59 pm

Academic Integrity

All work completed for this course must adhere to the University Academic Integrity Policy which you can review at <http://academicintegrity.depaul.edu>.

I may use plagiarism detection technology for all written work submitted for this class to ensure the work is the student's own creation and is not in violation of DePaul University's Academic Integrity Policy. Submission of work for this course constitutes (i) a pledge that the work is the student's own original work and (ii) consent to have the work submitted to verify that fact.

You are welcome to use outside sources for exams, discussion posts, and case reports. If you use any materials beyond the text and lecture videos, you must cite them properly. Proper citation includes using quotation marks if you paraphrase.

Outline of Topics and Due Dates

We will follow the below schedule to the extent possible. I will announce any changes via email or on the announcements page of D2L well in advance.

Week 1 (1/6)

Topics: Introduction and Demand

Bernheim and Whinston (B&W), Ch. 1 and parts of 2

- Week 2 (1/13)** **Topics:** Supply, Market Equilibrium, and Elasticities
B&W, Ch. 2
Mini case (no report): "Demand Estimation of LG Air Conditioners" (Bashir et.al.)
**1/13 Post in Introductions Topic due
- Week 3 (1/20)** **1/20 Case report due at noon: "Tourist Price Sensitivity and the Elasticity of Demand: The Case of BC Ferries" (Pritchard)
Topic: Production
B&W, Ch. 7
- Week 4 (1/27)** **1/27 Case report due at noon: "Does the 'New Economy' Measure up to the Great Inventions of the Past?" (Gordon)
Topic: Cost
B&W, Ch. 8
- Week 5 (2/3)** **Topic:** Balancing Costs and Benefits, and Profit Maximization by Competitive Firms
B&W, Ch. 3 and 9
**2/3 Midterm Exam Posted
- Week 6 (2/10)** **2/10 Midterm Exam due at noon
Topic: Surpluses and Market Interventions
B&W, Ch. 6.2, 9.5, 15
- Week 7 (2/17)** **2/17 Case report due at noon (two articles in one report): "Employment Effects of Minimum Wages" (Neumark); and "The Economic Debate Over The Minimum-Explained" (Matthews)
Topic: Externalities
B&W, Ch. 20.1-20.3

Week 8 (2/24)

**2/24 Case report due at noon (two articles in one report): "The Real Cost of Energy" (Gies), and "Externalities of Energy Generation" (WNA)

Topic: Monopoly and Monopoly Power

B&W, Ch. 17

Week 9 (3/3)

**3/3 Optional case report due at noon "The Web's New Monopolists" (Fox)

Topic: Pricing Strategies

B&W, Ch. 17

Week 10 (3/10)

Cases (no report): "New Push Ties Cost of Drugs to How Well they Work" (Loftus) and "Pay for Performance is no Miracle Cure" (Pauly)

Topic: TBA

**3/10 Final Exam Posted

Week 11 (3/17)

**3/17 Final Exam due at 11:59 p.m.