

**DePaul University**  
**Kellstadt Graduate School of Business**

**ECO 555: Managerial Economics**

**Autumn 2022**

**Instructor:** Xin Fang

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**Office Hours (Zoom):** Tuesdays 2:30-4:00 PM or by appointment

**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 course focuses on the application of microeconomic principles to managerial decision making. These principles include the theories of consumer choice, production and cost as they relate to decisions made by firms and households under various industry configurations. Specific topics are consumer and market demand; elasticities; production theory; cost structure; profit maximization; market impacts of government interventions; externalities; and the effect of market structure on firm decisions on pricing, output and profit.

**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 asynchronous* format. This means that:

1. Lectures will be delivered asynchronously, and recorded lectures will be posted every Wednesday before 11:59 PM on D2L.
2. Zoom office hours will be held on Tuesdays 2:30-4:00 PM or by appointment. Office hours are intended to solve problems you encounter in this course or communicate with me on the progress of the cases/discussions.

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 and record a presentation (upload to YouTube or Google Drive and send me the link)

### 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.  
Optional text: Dominick Salvatore, *Managerial Economics in a Global Economy*, 9/E. An older/used edition would also work well.
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%
Presentation (recorded, group grade)	10%
Discussions (individual grade)	20%
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%		

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

## **Case Reports and Presentation**

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 September 21.

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

### Presentation

Groups will prepare a 10-minute PowerPoint presentation accompanying one case report. Slides should source information and be formatted to be clearly legible when printed in black and white. Both a PPT or a PDF file of the group's presentations and reports should be e-mailed to me by no later than the Wednesday of Week 10 at midnight. Changes after that are not allowed.

## Discussions

There will be weekly online discussions in the D2L discussion boards. The purpose of the online discussion is to encourage the exchange of ideas and create synergies in students' learning process. 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. Read the original questions and previous comments carefully. 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. Cite your sources.
- g. Move the class understanding forward. Your comments should contribute to the class discussions.
- 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	September 7
2	September 14
3	September 21 Case 1 due at noon
4	September 28 Case 2 due at noon
5	October 5 Midterm distributed
6	October 11 Midterm due at noon
7	October 19 Case 3 due at noon
8	October 26 Case 4 due at noon
9	November 2 Optional case; noon
10	November 16 Final distributed
11	November 21 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 (9/7)

**Topics:** Introduction and Demand

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

Salvatore, parts of Ch. 5 and Ch. 6

- Week 2 (9/14)**                      **Topics:** Supply, Market Equilibrium, and Elasticities
- B&W, Ch. 2
- Mini case (no report): “Demand Estimation of LG Air Conditioners” (Bashir et.al.)
- \*\*9/14 Post in Introductions Topic due
- Week 3 (9/21)**                      \*\*9/21 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; Salvatore, Ch.7
- Week 4 (9/28)**                      \*\*9/28 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; Salvatore, Ch.8
- Week 5 (10/5)**                      **Topic:** Balancing Costs and Benefits, and Profit Maximization by Competitive Firms
- B&W, Ch. 3 and 9
- \*\*10/5 Midterm Exam Posted
- Week 6 (10/12)**                      \*\*10/11 Midterm Exam due at noon
- Topic:** Surpluses and Market Interventions
- B&W, Ch. 6.2, 9.5, 15
- Week 7 (10/19)**                      \*\*10/19 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: <https://www.vox.com/future-perfect/2019/11/20/20952151/should-minimum-wage-be-raised>;  
<https://www.socsci.uci.edu/newsevents/news/2019/2019-11-20-neumark-vox.php>)
- Topic:** Diamond model and competitiveness
- Salvatore 10-3, supplied slides/notes

**Week 8 (10/26)**

\*\* 10/26 Case report due at noon “The California Wine Cluster”

**Topic:** Monopoly and Monopoly Power

B&W, Ch. 17

**Week 9 (11/2)**

\*\*11/2 Optional case report due at noon “The Web’s New Monopolists” (Fox: [https://www.theatlantic.com/magazine/archive/2013/01/the-webs-new-monopolists/309197/?utm\\_source=copy-link&utm\\_medium=social&utm\\_campaign=share](https://www.theatlantic.com/magazine/archive/2013/01/the-webs-new-monopolists/309197/?utm_source=copy-link&utm_medium=social&utm_campaign=share))

**Topic:** Pricing Strategies

B&W, Ch. 17; Salvatore, Ch. 12-1, 12-2, 12-4

**Week 10 (11/9)**

Cases (no report): "New Push Ties Cost of Drugs to How Well they Work" (Loftus: [http://www.wsj.com/articles/new-push-ties-cost-of-drugs-to-how-well-they-work-1432684755?reflink=desktopwebshare\\_permalink](http://www.wsj.com/articles/new-push-ties-cost-of-drugs-to-how-well-they-work-1432684755?reflink=desktopwebshare_permalink)) and "Pay for Performance is no Miracle Cure" (Pauly: <https://www.usnews.com/opinion/blogs/policy-dose/2015/06/05/drug-price-discrimination-isnt-a-cure-all-for-costly-meds?context=amp>)

**Topic:** Game Theory and Strategic Behavior  
Salvatore, Ch. 11

\*\*11/16 Final Exam Posted

**Week 11 (11/16)**

\*\*11/21 Final Exam due at 11:59 p.m.