

Managerial Economics (EW MBA 201A) Course Syllabus

Course Description

This course applies economic principles to key management decisions within organizations. It provides guidance to increase value creation, and allows a better understanding of the external business environment in which organizations operate. Economics provides a fundamentally unique way of thinking about problems, issues and decisions that managers face in each of the functional areas of their organization. This unique way of thinking stresses the importance of incentives as determinants of human behavior and performance, and emphasizes the consideration of costs and benefits as an efficient method for reaching economic decisions. This is a core course, and as such a primary purpose is to teach tools that will be useful for the rest of your MBA courses. Economics is a key foundation for much of what is taught in other MBA core and elective courses such as finance, marketing and strategy.

bCourse Website

All course materials, such as my slides and problem sets, can be found on the bCourse website. This course is entirely paperless.

Preparing Ahead of the Lectures

The bCourse website will list the information you need to prepare ahead of each lecture. These will typically include:

- 1) Watching a video with the asynchronous portion of the lecture.
- 2) Reading a newspaper article that will be discussed in class.

Graduate Student Instructor

The Graduate Student Instructor for the course will be TBD. The best way to reach out to him is by email: TBD.

Contact Information

The easiest way to reach me is by email: [REDACTED]. Please always cc' the GSI in the email, as he may be able to get back to you faster. Just in case, my office at Haas is [REDACTED], and my cell phone is [REDACTED].

Slack Channel

Feel free to ask questions via email. However, to the extent that you feel comfortable asking questions in a public setting, please use the Slack channel for this course. Your classmates can benefit from the questions you ask, as they may have the same or similar questions. The GSI and I will be responding to questions on Slack. Additionally, feel free to respond to any of the questions from your classmates.

Office Hours: GSI

The GSI's office hours are scheduled on the following dates/times:

- TBD

Zoom office: [REDACTED] (Password: TBD). If there is anything specific you want to talk about (e.g., you want help with an exercise from the problem set) please email him in advance so he can prepare.

Office Hours: [REDACTED]

My office hours are scheduled on the following dates/times:

- TBD.

Zoom meeting room: [REDACTED]. We can talk about anything you want. However, I'd prefer that we discuss conceptual questions: e.g., if there is a concept you did not understand from the lecture. If you have specific questions about the problem set, GSI's office hours would be a better fit. The office hours do not count for class participation.

Class Recordings and Visitors

All classes will be recorded. The links to the recordings will be available on bCourse.

Additionally, non-students (e.g., prospective students) may join the classes. For more details, see the following [Privacy and Recording Notice](#).

Grades

My main goal is to teach you economic principles that will be useful for your career as well as in your personal decisions. However, this is graduate school so I am required to assign grades. While I do not think you should care or worry about grades, I do care deeply about assigning fair grades. For that reason, grades will be determined as objectively and transparently as possible. Final grades are a weighted average of the following items:

| | |
|----------------------|-----|
| Final Exam: | 40% |
| Problem Sets: | 30% |
| Team Assignment: | 25% |
| Class Participation: | 5% |

Each of those components is explained below. Under no circumstances will extra-credit projects be assigned. The distribution of final grades will follow the School's guidelines for core courses.

Final Exam

There will be a final exam scheduled at the end of the course. The exam will test your ability to utilize economic principles to understand problems and make managerial decisions. A sample final exam (with solutions) will be made available in advance, to aid in the preparation. The exam will take place online (instructions will be posted on bCourse), and will consist of multiple-choice questions. These questions will be shorter and easier than the questions from the problem sets. Also, I do not want you to memorize any formulas or concepts. I want you to learn how to *think* like an economist. For that reason, during the final exam you will be allowed to consult the textbook, your class notes and even use your computer. You cannot communicate with anyone during the exam, however.

Problem Sets

There will be 3 problem sets. These problems are designed to check your progress and to extend and reinforce concepts covered in class. While the problem sets must be turned in individually, you are encouraged to work on them with your study group. The problem sets are designed to challenge you and to test your ability to work with others. The assignments will be graded on a continuous 0-100 scale. Solutions will be distributed for each assignment after the deadline. These step-by-step solutions are a good substitute for seeing me solve problems in person in class: I prefer to use the lectures to discuss the big picture. The problem sets are due according to the schedule in the course calendar, at 23:59 (11:59pm) on the due date.

Team Assignment

Much of the work of business takes place in teams. To enhance your experience with teams and with your classmates, you will be asked to write a short memo analyzing a company's cost structure and pricing policies. The full set of instructions can be found in the bCourse website.

Class Participation

I include a class participation component as a way of rewarding good citizenship. To avoid attempts to "game" the system, I purposely do not reveal how class participation grades are computed. In the past, I've considered interactions during the lecture as well as outside of the lecture (including email and slack) and I value quality over quantity. If you are a good citizen, I will notice and you will be rewarded.

Newspaper Articles

Some weeks will include the discussion of one newspaper article related to one concept from the course (more information in the class schedule at the end of this document). All of you are expected to read the article in advance, and to think of the relationship between the article and the class material. The articles for each week will be listed in the syllabus and a pdf file of the article is uploaded to the bCourse site. I will post the articles a few days in advance, because I'd prefer to use articles about current events. You should also feel free to forward me articles that you'd like to discuss in class.

Textbook

The required textbook is *Microeconomics*, by Robert S. Pindyck and Daniel L. Rubinfeld, Pearson, 8th edition. You should read the relevant chapters in advance of each lecture (the chapters corresponding to each lecture are listed in the schedule at the end of this document). Those of you with a stronger economics background may find that my lectures and lecture notes provide sufficient information. However, if this is the first time that you take an economics course, then I'd strongly encourage you to read the book chapters in advance to complement my lectures. And for those of you who would need a more basic text to serve as a foundation, I suggest to pick one of the following:

- *The Economic Way of Thinking* by Paul Heyne, Peter J. Boettke and David L. Prychitko, Prentice Hall, 2005.
- *Microeconomics: A Very Short Introduction* by Avinash Dixit, Oxford University Press, 2014.

Syllabus Updates

While I try to avoid them, there may be changes to the syllabus over the course of the semester. The version of the syllabus is shown in the header of this document. The most up to date version of the syllabus will be always posted on bCourse. If there is an important change to the syllabus, I'll notify you through bCourse as well as Slack.

Student Evaluations

You'll be invited to evaluate this course at the end of the last lecture. I will provide you with instructions. You'll need to have a device that is connected to the internet, and you will need to log into the course evaluation website using your CalNet credentials. If you experience technical difficulties, please reach out to your class student representative or email: ties@haas.berkeley.edu

Feedback Welcomed! I am very accessible and receptive to feedback. Please email me your suggestions/feedback.

Class Schedule

| Class No. | Date (PST times) | Topic | Book Chapters | Newspaper Article | Assignments |
|-----------|--|--|---|--|----------------------------|
| 1 | Aug-7 Axe: 9am-12pm Oski: 2pm-6pm | Principles of Economics | 1.1, 1.2, 1.4 | WSJ, "Why are home prices..." | PS #1 due Aug-16. |
| 2 | Aug-14 Axe: 9am-12pm Oski: 2pm-6pm | Demand Analysis | 2.1-2.6, Appendix (pp. 700-707), 4.1, 4.3-4.6 | Shark Tank, "PurseCase" CNBC, "Retailers are charging..." | |
| 3 | Aug-21 Axe: 9am-12pm Oski: 2pm-6pm | Advanced Pricing | 11.1-11.4, 13.8 | Bloomberg, "Uber Starts Charging..." | PS #2 due Aug-30. |
| 4 | Aug-28 Axe: 9am-12pm Oski: 2pm-6pm | Production and Costs | 6, 7.1-7.4 | HBR, "The Motivating..." | |
| 5 | Sep-11 Axe: 9am-12pm Oski: 2pm-6pm | Competitive Markets & Regulation | 8.1-8.6, 9.1-9.4, 9.6 | NYT, "The Minimum Wage..." | PS #3 due Sep-20 |
| 6 | Sep-18 Axe: 9am-12pm Oski: 2pm-6pm | Markets with Price Searchers + Oligopoly & Game Theory | 10.1-10.4, 12.1, 13.1-13.3, 12.2-12.6 | CBR, "Are Google and Facebook..." Archer Daniels Midland Segment | |
| 7 | Sep-25 Axe: 9am-12pm Oski: 2pm-6pm | Asymmetric Information | 17.1, 17.3, 17.4 | LWT, "Retirement Plans" | Team Assignment due Sep-26 |
| 8 | Oct-2 9am-12pm | Final Exam (online) | | | |