ECONOMICS 3033
Economics of Managerial Decisions

Dr. Dale Truett                                  Spring 2007
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Office hrs.: MW 3:15 - 4:00pm, M 6 -7pm, and by appointment.


Course Objectives: The primary objective of this course is to aid the student in developing a basic understanding of how a firm acts to maximize profit. Students should both gain factual knowledge of and learn and understand fundamental principles and theories of applied managerial economics. Specifically, they should be able to analyze and solve decision problems relating to production, input use, cost, revenue, elasticity of demand, break-even analysis, profit maximization, market structures, pricing strategies, and selected issues in international business.

COURSE OUTLINE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Brief Description</th>
<th>Chapters in Text</th>
<th>End-of-Chapter Problems</th>
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</thead>
<tbody>
<tr>
<td>I.</td>
<td>Introduction to Economic Decisions of the Firm</td>
<td>Note to Students, 1, Math. Appx. to p. 700</td>
<td>1, 3, 4, 5</td>
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<tr>
<td>II.</td>
<td>Analysis of Production and Cost</td>
<td>5, 6</td>
<td>1, 2, 5, 7, 9, C3, 1, 2, 3, 4, 6, 9, C1, C4</td>
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<td>III.</td>
<td>Demand, Revenue, and the Elasticity of Demand</td>
<td>2, Math. Appx. pp. 701-03</td>
<td>1, 3, 4, 5, 10, C3, C4</td>
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<td>IV.</td>
<td>Profit Maximization</td>
<td>7</td>
<td>1, 3, 4, 10, C1, C5</td>
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<tr>
<td>V.</td>
<td>Market Structures and Behavior of the Firm</td>
<td>8, 9</td>
<td>1, 2, 3, 8, C1, C3, 1, 2, 5, C2, C5</td>
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<tr>
<td>VI.</td>
<td>Topics in Pricing</td>
<td>11</td>
<td>3, 4, 6, 7, C1, C4</td>
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Exams and Grading:
Course grade will be based on student's percentage of 400 total course points. There will be three exams of 100 points each and two 50-point quizzes. Tentatively, the first two 100-point exams will occur at the completion of Topic III and about half way through Topic V. Past experience indicates that an average of 90% or more earns an "A"; 80-89% a "B"; 70-79% a "C"; 60-69% a "D"; and below 60% an "F".
Additional Notes, Hints, etc.:
I will indicate in advance the problems that will be covered in any succeeding class period. Do assignments before the class period in which they are to be discussed. Ask questions and participate. Chances are I will notice. Come by my office (lovely view of Whataburger) if you need help. If you need to review basic microeconomic analysis, for $9.95 you can subscribe to Econweb Micro at www.econweb.com.

Course Prerequisites:
Prerequisites for this course are ECO 2013, ECO 2023, and MAT 1033 or their equivalents. If you do not have these prerequisites, you should not be in the class. The MAT 1033 requirement means you must know and be able to use algebra and differential calculus.

Attendance, Makeups, and all that:
You are expected to attend class regularly. Roll will be taken, and I will try to get to know who is who (not easy when thousands of students have been in one's classes). Also, do not miss any scheduled exam or quiz. Exam 3 (Final Week, Friday, May 11, 1:30pm.) may prove to be optional if you have taken all previous exams and quizzes and have missed no more than three classes. If you have missed any prior exam or quiz, you must take Exam 3 and, in addition, a comprehensive (multiple choice) exam that will be substituted for what you missed earlier. (Example, you missed one 50-point quiz. Therefore, the comprehensive will count 50 of your 400-point total.) There are no other kinds of make-ups, and you can cover only up to a maximum of 150 points by this method. Any exam or quiz taken counts; you cannot throw out a score.

Extra Credit:
The only extra credit available is through bonus sections that appear on the major exams (perhaps even on a quiz) or occasional bonus exercises. You may be able to add 25 points or more to your total accumulated course points by this means. Frequently, this makes the difference between a given course grade and the next higher one, although you cannot make more than an "A". You should know by the official deadline date for self-initiated drop (Mar. 26th) whether you are headed for a grade-wise disaster. The drop option is there to help you start over when you can do a better job. If you need it, use it. Do not dig yourself into a hole you cannot get out of. The only drop option available to students after Mar. 26 is withdrawal from ALL COURSES (deadline: April 30). Remember, these items are initiated by YOU, not by the instructor.

Other Readings:
Here are some related books you can consult if you want to read someone else's version of similar material to your text. Miller and the Stockman book are principles level. Nicholson, McGuigan, Keat, and Thompson are somewhat higher. Any edition will do. Just go by subject in the table of contents.

Miller, Economics Today, Addison Wesley.
Nicholson, Intermediate Microeconomics, Dryden.
McGuigan, et al., Managerial Economics, South-Western.
Keat, Managerial Economics, Prentice Hall.
McEachern, Economics, South-Western.
You can find some of these books at UTSA 1604 library. Some local libraries may also have one or more copies of these or similar books available for regular checkout (usually two weeks).

**Cell Phones, Beepers, etc.:**
It is very disturbing when these devices interrupt a class. I would like to say that I reserve the right to do anything I want to you, your device, or your grade if your cell phone or beeper pesters me. (Do you recall the TV ad where the diva with the spear chucks it at the guy who answers his cell phone at the opera house?) However, the first two of these are probably illegal. Also, I made an exception for one of my students who is a surgeon. If you are a surgeon or other medical practitioner or for some other reason it could be a life and death matter to have your cell or beeper on, then do so; otherwise not. Please inform me regarding expectation of any such situation before the event takes place.

**Calculators, PDAs, Crib Sheets etc.:**
The appropriate calculator for this course, especially for exams and quizzes, is a simple machine with an ordinary numerical memory register (M+, M-, MR) and a square-root key. I have seen these at discount and drug stores for from $1 to $6. Get one and use it regularly so it will be your friend on exams and quizzes. I do not allow complicated calculators, PDAs, mini or micro-computers, or cell phones on exams/quizzes. I also do not allow crib sheets, formula lists, etc. If you work assigned homework problems and think about them, you will know the required formulae and definitions for exams and quizzes. The idea is to learn, not to just memorize or design the optimal crib device. Perhaps the best way to learn how to solve a specific type of problem is to make up one of your own, then solve it. We will do some of this together in class, but repeating it on your own is invaluable.

**The Web:**
[http://faculty.business.utsa.edu/dtruett](http://faculty.business.utsa.edu/dtruett) is the address of my web page. There you will find sample items for quizzes and exams. I may also post other materials there for your use as well as important announcements regarding any changes in the calendar, etc. So, occasionally check it even if you have already downloaded the quiz/test samples. I will post grades to Web CT but do not plan to use it for other purposes.

**Tentative Calendar of Quizzes and Exams**

<table>
<thead>
<tr>
<th>Quiz 1</th>
<th>(50 points: Chapters 1, 5, 6)</th>
<th>Feb. 7</th>
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<tr>
<td>Exam 1</td>
<td>(100 points: Chapters 1, 5, 6, 2, part of 7)</td>
<td>Mar. 5</td>
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<tr>
<td>Exam 2</td>
<td>(100 points: Chapter 7, part of 8)</td>
<td>Apr. 11</td>
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<tr>
<td>Quiz 2</td>
<td>(50 points: Chapters 8, 9)</td>
<td>Apr. 25</td>
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<tr>
<td>Exam 3</td>
<td>(100 points: Chapters 9, 11)</td>
<td>May 11, Friday, 1:30pm (certain)</td>
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<tr>
<td>Comprehensive Makeup</td>
<td></td>
<td>May 11 Friday, 1:30pm (certain)</td>
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Students in this course generally are either seeking the BBA degree or the B.A. in Economics. **Program Learning Goals** for these two degrees follow. Course objectives for ECO 3033 relate most directly to the first items in both lists below but also are consistent with several other learning goals in both programs.

**Bachelor of Business Administration:** Students will be able to

- Use quantitative analysis and quantitative and non-quantitative reasoning to effectively identify and solve business problems.
- Communicate, both orally and in writing, information and ideas pertinent to business decision-making.
- Use current information technology to support business decision-making.
- Identify ethical and legal issues in a business context and find alternatives that demonstrate ethical values.
- Incorporate a global perspective in business decisions.

**Bachelor of Arts in Economics:** Students will

- Be well grounded in basic microeconomic theory.
- Be well grounded in basic macroeconomic concepts and theories.
- Possess quantitative skills that prepare them for graduate studies or professional employment in economics (students who choose the “professional track”).
- Be able to apply theoretical tools to economic policy issues.

Last, but not least.

**UTSA Honor Pledge:** All students are expected to abide by the UTSA Honor Pledge.

> “On my honor, as a student at The University of Texas at San Antonio, I will uphold the highest standards of academic integrity and personal accountability for the advancement of the dignity and reputation of our University and myself.”