Economics 307 – Managerial Economics  
Professor: Daniel G. Arce M., Ph.D.  
McCallum Distinguished Professor of Economics

Office: 327 Buckman, Office Phone: 843-3121  
Office Hours: Wed, 2:30-4:00pm; Thursday 8:00-10:30 am (you can also drop in or arrange an appointment).  
Text: Microeconomics. An Integrated Approach, by David Besanko and Ronald R. Braeutigam (NY: Wiley) is **required.**

Prerequisites: Economics 101, 102, 290 and Mathematics 115. **You are responsible for reviewing the mathematical appendix (calculus) in the text and also Chapters 3, 4, and 5 from Schaum’s Outline, Introduction to Mathematical Economics, on reserve in the library.**

The purpose of this course is to reinforce and build upon the method of critical thinking and quantitative decision making introduced in Economics 101&102. We will do this by investigating the **beauty of economics** as it applies to business decision-making and strategy.

<table>
<thead>
<tr>
<th>Method of Evaluation</th>
<th>Percentage of Grade</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>40%</td>
</tr>
<tr>
<td>Exam I</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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**Note:**
1. The 90%, 80%, 70%, 60%, <59% range for grades in the range of A, B, C, D, and F, respectively, is guaranteed, but is flexible downward. The +/- system will be followed.
2. Handouts for each lecture are available in my folder on the academic volume. It is **required** that you bring a handout to every class. I suggest that you read the handout prior to class.
3. Attendance is **NOT** required. You should be aware; however, that attendance is the single most important factor determining your grade. No attendance policy implies (a) that I will not give make-up lectures during office hours, and (b) you are responsible for reconciling the missed lecture with its accompanying handout by consulting with a fellow student who attended.
4. I reserve the right to reward judicious individual class participation by raising one’s final grade by a maximum of half a letter grade. Attendance is **not** participation.
5. I encourage you to work the recommended problems in groups. You **may not** consult past exams for the answers (as part of the honor code).
6. The quizzes are cumulative (up through each exam). This means that Quiz 2 can include material from Quiz 1; similarly, Quiz 4 can include material from Quiz 3.
7. At times the English language is not a precise enough instrument with which to solve problems of interest; on these occasions we must use mathematics. Calculus **will** be used in this course.
8. **Special Accommodations:** If you have a condition documented by the Student Disability Services Office, please see me ASAP. My policy is to meet your needs simultaneously with the scheduled exams and quizzes.
9. Above everything else you are responsible for adhering to and enforcing the Honor Code. Under the code you may not talk to anyone in another section of this class about an exam or quiz until after he/she has taken it.
Points of Interest

1. This class is about thinking; no questions will be asked that reward memorization.

2. The only excused absences are for officially sanctioned college events. All work for excused absences is to be completed and turned in ahead of time. This includes exams.

3. Microeconomics is a full contact experience. The best way to learn microeconomics is by doing it. I selected this textbook because of the quality of the learning-by-doing problems in the chapters and the problems at the end of each chapter. Periodically, I will entertain questions in class about how to solve past exam questions. Be prepared for such occasions by attempting the recommended problems far in advance.

4. Feel free to ask questions in class.

5. You are also welcome to come to my office hours. Be aware that it is likely that I will ask you as many questions as you ask me. I treat office hours as if they are an extension of class.

6. An Email message distributed to class 36 or more hours prior to an event is considered “fair warning.” Check your Email regularly.

7. If you are absent on the day that a quiz or exam is returned, you may pick it up in my office.

8. I reserve the right to give a “pop” quiz at any point in time. You may not make up a pop quiz. Excused absences are defined in point 2 above.

9. Claims against grading can only be made until the due date of the next graded assignment of any type. I will discuss the material from any evaluation at any time.

10. If I do not cover a topic in class, then I will not be asking about it on exams and quizzes. This class is predominantly lecture-driven.

11. If Memphis or Shelby County Public Schools are closed due to weather, class is cancelled.

12. This class is about thinking; no questions will be asked that reward memorization.

Instructions for working on assigned problems as preparation for quizzes/exams

- Work in groups; if you come to my office asking about a problem, I’m going to ask you who is in your group. It is best to come as a group.
- All answers (including short answer questions) must include artwork and/or algebra unless explicitly specified.
- Correct answers without accompanying (and correct) economic analysis will receive zero credit.
- To receive partial credit, you must show your work.
- Your answers are required to be concise and self-explanatory.
- Keep your creative writing skills on a leash.

Learning is achieved not only through doing the past problems but by reflecting on what you have done/learned

d. Reflecting is about getting the meaning.
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<tr>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
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<tr>
<td>1</td>
<td>R 26 Aug</td>
<td>Syllabus and experiment</td>
<td>¡Mathematical Appendix! 2: 27-31</td>
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<td>2</td>
<td>T 31 Aug</td>
<td>Supply and demand review</td>
<td>2: 27-46</td>
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<td>3</td>
<td>R 2 Sept</td>
<td>ABC’s of Demand</td>
<td>Notes</td>
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<td>M</td>
<td>6 Sept</td>
<td>Labor Day: No Class</td>
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<td>4</td>
<td>T 7 Sept</td>
<td>Elasticity review</td>
<td>2: 46-48, 55-60</td>
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<td>5</td>
<td>R 9 Sept</td>
<td>Profit maximization and revenue review</td>
<td>Mathematical Appendix 2: 48-54; 11:474-484</td>
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<tr>
<td>6</td>
<td>T 14 Sept</td>
<td>Profit maximization and cost review</td>
<td>8: 300-329, 334-337 6: 245-250</td>
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<td>7</td>
<td>R 16 Sept</td>
<td>Quiz 1</td>
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<td>8</td>
<td>T 21 Sept</td>
<td>Perfect Competition Review</td>
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<td>9</td>
<td>R 23 Sept</td>
<td>Monopoly Review Economies of Scope</td>
<td>9: 462-491, 497-499</td>
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<td>10</td>
<td>T 28 Sept</td>
<td>Oligopoly &amp; Monopolistic Competition</td>
<td>13: 584-589, Notes</td>
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<td>11</td>
<td>R 30 Sept</td>
<td>Quiz 2</td>
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<td>13</td>
<td>R 7 Oct</td>
<td>Review</td>
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<td>14</td>
<td>T 12 Oct</td>
<td>Exam 1</td>
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<td>R</td>
<td>14 Oct</td>
<td>No Class</td>
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<td>15</td>
<td>15 Oct</td>
<td>Fall Recess Begins 5 p.m.</td>
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<td>T</td>
<td>19 Oct</td>
<td>No Class: Fall Break</td>
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<td>15</td>
<td>R 21 Oct</td>
<td>Game Theory Introduction</td>
<td>14: 594-610</td>
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<td>16</td>
<td>T 26 Oct</td>
<td>Nash Equilibrium</td>
<td>14: 594-610</td>
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<td>17</td>
<td>R 28 Oct</td>
<td>Introduction to Auctions</td>
<td>15: 657-667</td>
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<td>18</td>
<td>T 2 Nov</td>
<td>Common versus Private value auctions</td>
<td>15: 657-667</td>
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<td>19</td>
<td>R 4 Nov</td>
<td>Quiz 3</td>
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<td>20</td>
<td>T 9 Nov</td>
<td>Game Theory and Duopoly</td>
<td>13: 550-568, 573-583</td>
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<td>21</td>
<td>R 11 Nov</td>
<td>Extensive form Games</td>
<td>14: 616-618</td>
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<td>22</td>
<td>T 16 Nov</td>
<td>Extensive form Applications</td>
<td>Notes</td>
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<td>23</td>
<td>R 18 Nov</td>
<td>Quiz 4</td>
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<td>23 Nov</td>
<td>No Class</td>
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<td>W</td>
<td>23 Nov</td>
<td>Thanksgiving Recess 10 p.m.</td>
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<td>R</td>
<td>25 Nov</td>
<td>No Class: Thanksgiving</td>
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<td>24</td>
<td>T 30 Nov</td>
<td>Supergames and Collusion</td>
<td>14: 610-615</td>
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<td>26</td>
<td>R 2 Dec</td>
<td>Ethics</td>
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<tr>
<td>27</td>
<td>T 7 Dec</td>
<td>Final Exam</td>
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