COURSE AND CONTACT INFORMATION
Course: ECON 6321 Applied Managerial Economics
Section 10 (CRN 47376)
Semester: 2019 Spring
Time: Wednesdays, 6:10 – 8:40PM
Location: TBD

INSTRUCTOR
Name: Dr. Hong Kim
Campus Address: Department of Economics
Monroe 340
2115 G St., NW, Washington, DC 20052
Phone: (703) 309-2813
E-mail: hkim17@gwmail.gwu.edu
Office hours: Wednesdays 5:30 – 6:10PM or by appointment

GRADUATE ASSISTANT
Name: TBD
Email: TBD
Time and Location: TBD
Name: TBD
Email: TBD
Time and Location: TBD

COURSE DESCRIPTION
Students will apply economic principles and methodologies to key management decisions within organizations. You will develop a framework of analysis and techniques to use when deciding how to allocate a firm’s scarce resources to achieve its objectives.

COURSE PREREQUISITE(S)
All students should have taken ECON 6301 Applied Microeconomic Theory or the equivalent and ECON 6300 Mathematical Methods for Economics or the equivalent at the undergraduate level. Please email me directly if you are interested in taking this course but do not otherwise meet the prerequisites.

TEXTS

In addition, we will work from various outside readings from the academic literature and business journal articles. Students are expected to complete all assigned readings before each class.
COURSE OBJECTIVES
In this course, we will teach you to increase your company’s profitability by applying economic analysis to a wide array of business problems. We will focus on the application of economic tools rather than allowing ourselves to settle for a purely theoretical understanding of economic principles. You will learn to use economic analysis to support business strategy decisions that promote competitiveness in an environment of changing domestic and international market conditions, government regulations, trade policies, and resource availability.

LEARNING OUTCOMES
As a result of completing this course, students will be able to:

1) Use the rational firm and individual behavior and marginal analysis to assess market conditions.
2) Make investment decisions that increase firm value.
3) Set optimal prices to maximize firm’s profit by analyzing demand elasticity.
4) Use game theory to predict how your actions influence those of others.
5) Make business and investment decisions in uncertain environments.
6) Use managerial economics in business decision making.
7) Analyze how production and cost functions in the short run and long run affect the strategy of individual firms in the short-run and long-run.
8) Apply the concepts of supply and demand to determine the impact of changes in market conditions and developing pricing strategies.
9) Use economic forecasting techniques to forecast market demand and supply.
10) Evaluate how government regulation is constraining and enabling for managerial decision.
11) Analyze capital budgeting decisions and impacts to profitability, productivity, and cost, cash flows of the firm.
12) Identify relevant cash flows for capital budgeting projects and apply various methods to analyze project.
13) Use technology and information resources available to research issues and problems in managerial economics.

AVERAGE MINIMUM AMOUNT OF INDEPENDENT, OUT-OF-CLASS, LEARNING EXPECTED PER WEEK
In a 15-week semester, including exam week, you should expect to spend a minimum of 4 hours a week for each hour of instruction. For a 2 ½ hour course worth three credits, this means that you should expect to study a minimum of 10 hours outside of class each week. In addition, you should plan to spend at least two hours working on each reading assignment.

GRADING

- Research Paper and Class Presentations 25%
- Midterm Examination 25%
- Final Examination 30%
- 3 Problem Sets 10%
• Class Attendance and Participation 10%

Note: In accordance with University policy, the final exam will be given during the final exam period and not the last week of the semester.

CLASS POLICIES

Before The First Class
Please write a few paragraphs telling me: (1) why you are enrolled in the MA Applied Economics program, (2) what was your undergraduate major and why you chose it, (3) your career goals, (4) what you hope to get out of this Managerial Economics course, and (5) anything else you’d like to tell me about yourself. Please bring a copy to the first class.

Research Paper Assignment
Students will prepare one research paper (see course schedule for due date). The research paper will be modeled on academic style economic research and will be on any managerial economics topic. Your research paper should motivate a particular economic question, describe the related literature, and motivate and undertake an empirical analysis, and you should conclude your research paper with a set of recommendations. Students will present their research paper to the class on the last meeting for the term. Since the objective of this course is to learn and apply tools of economic analysis, the research paper assignment will provide an opportunity for application of these skills in a “real world” setting. Your paper should be at least a 10-page (double spaced, 12-point font) analysis. We will allocate 15 minutes per presentation. The paper and presentation will contribute 25% of the total course grade. More information about the research paper assignment is available in Blackboard.

Exam Policy
The midterm exam will be administered in-class and will include all relevant cumulative course material. Because economics is a progressive subject, all course material builds upon previous work. For this reason, the final exam will also be cumulative in nature, although questions will be more heavily focused on the second half of the course. The midterm exam will contribute 25% and the final exam will contribute 30% of the total course grade.

Problem Sets
There will be 3 problem sets. Problem sets will be distributed one week prior to their due date. The purpose of the problem sets is to provide you with the opportunity to practice and apply what you learned in classes and to prepare for the midterm and final exam. You can work with other class mates on the problem sets, however, you should write up your answers independently from other class mates. Verbatim answers will be detected and will be penalized. The problem sets will contribute 10% of the total course grade.
Attendance and Participation
Each class will be centered on a discussion of the week’s assigned readings. Students are expected to complete the readings before coming to class and should plan to participate actively in class discussion. Attendance and participation in class discussions will contribute 10% of the total course grade.

Make Up Exam Policy
Unless there are truly exceptional circumstances and you make provisions with your instructor before the exam, no make-up exam will be offered.

UNIVERSITY POLICY ON RELIGIOUS HOLIDAYS
1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance;
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations;
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities

For GW’s teaching policies, see http://www.gwu.edu/~academic/Teaching/main.htm

ACADEMIC INTEGRITY
I personally support the GW Code of Academic Integrity. It states: “Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, submitting the work of others in whole or part without crediting them and without appropriate authorization, and the fabrication of information.” Please note that allowing another student to copy your work is defined as cheating under the Academic Integrity code.

Examples of academically dishonest behavior include, but are not limited to:
1) Cheating
2) Fabrication
3) Plagiarism
4) Falsification and forgery of University academic documents
5) Facilitating academic dishonesty

Sanctions range from failure of the assignment, to failure of the course, to suspension or expulsion from the University.

For the remainder of the code, see: http://www.gwu.edu/~ntegrity/code.html
**SUPPORT FOR STUDENTS OUTSIDE THE CLASSROOM**

**DISABILITY SUPPORT SERVICES (DSS)**
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in Rome Hall, 801 22nd St., NW, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information, please refer to [https://disabilitysupport.gwu.edu/](https://disabilitysupport.gwu.edu/)

Students must arrange with the DSS office *well in advance* of needing the service.

**UNIVERSITY MENTAL HEALTH SERVICES 202-994-5300**
The University’s Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include crisis and emergency mental health consultations, confidential assessment, counseling services (individual and small group), and referrals. For additional information see: [https://healthcenter.gwu.edu/mental-health](https://healthcenter.gwu.edu/mental-health)

**SECURITY**
In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building. After evacuation, seek shelter at a predetermined rendezvous location.
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<tr>
<th></th>
<th>Date</th>
<th>Deadlines</th>
<th>Topics Covered</th>
<th>Assigned Readings</th>
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| **Week 1**     | 01/16/2018 |           | • Introduction the Course - What is managerial economics?  
• The shareholder wealth-maximization model of the firm  
• What managerial economic decisions are business leaders making?  
• How do managerial decisions influence shareholder wealth?  
• Demand, supply, and market analysis recap  
• Marginal analysis and net present value for managerial decisions in the short-run and long-run  
• Use of probability and expected value for measuring risk and uncertainty | • Chapter 1: Introduction and Goals of the Firm  
• Chapter 2: Fundamental Economic Concepts  
| **Week 2**     | 01/23/2018 |           | • Demand analysis to manage demand and to forecast sales and revenue  
• The combined effects of demand elasticities  
• Estimation of the demand function  
• Price decisions to maximize total revenue and profit  
• Expected demand increase or decrease when economic and market conditions change | • Chapter 3: Demand Analysis  
• Chapter 4: Estimating Demand  
• “FTC Votes to Bar Staples’ Bid for Rival,” Wall Street Journal (March 11, 1997 and September 8, 2015)                                                                                                                                                                                                                                                   |
| Week 3 & 4 | 01/30/2018 & 02/06/2018 | **1st Problem Set Due on 02/06/2018** | • Forecasting the future demand and input costs at the firm level  
• Forecasting techniques at the firm level and their empirical applications  
• Business Cycle Simulation (“Beer Game”) | • Chapter 5: Business and Economic Forecasting  
• “Adoption Rate of Internet by Consumer is Slowing” Wall Street Journal, July 16, 2007  
• Solomon and Galbraith, “Trend-Cycle Forecasting with Turning Points” |
| Week 5 | 02/01/2018 |  | • Resource allocation decisions for the production of a desired quantity of output  
• Analysis of the optimal multi-input combination with changing input prices  
• Analysis of return to scale  
• Economies of scale  
• Empirical production function estimation  
• Non-renewable and renewable national resources efficient management strategies. | • Chapter 7: Production Economics  
• Chapter 8: Cost Analysis  
| Week 6 | 02/20/2018 | **Research Paper Topic Due** | • Methodologies for estimating cost functions of production processes in the short-run and long-run  
• Break-even and contribution analysis  
• Empirical cost function estimation. | • Chapter 9: Applications of Cost Theory  
• Garcia and Randall, “A Cost Function Analysis to Estimate the Effects of Fertilizer Policy on the Supply of Wheat and Corn”  
• Emmons and Prager, “The Effects of Market Structure in the U.S. Cable Television Industry” |
| Week 7 | 02/27/2018 | **2nd Problem Set Due** | • Comparative price and output strategy analysis in pure and monopolistic competition  
• Michael Porter’s Five Forces strategic framework | • Chapter 10: Prices, Output and Strategy: Pure and Monopolistic Competition  
• Boe, “Customers for Life” |
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<tr>
<th>Week</th>
<th>Date</th>
<th>Activity</th>
<th>Notes</th>
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<tr>
<td>Week 8</td>
<td>03/06/2018</td>
<td>Midterm Exam</td>
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<td>Week 9 NO CLASS</td>
<td>Spring Break</td>
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| Week 10 & 11 | 03/20/2018 & 03/27/2018 | **Detailed Research Paper Outline** | • Comparative price and output strategy analysis in pure and monopolistic competition  
• Michael Porter’s Five Forces strategic framework  
• Price and output strategy analysis for firms in monopoly or near monopoly  
• Interdependent Price and output strategy analysis for firms in oligopoly  
• Empirical application of Game theory to firms in oligopoly  
• Classroom experiments on Oligopolies | • Chapter 10: Prices, Output and Strategy: Pure and Monopolistic Competition  
• Boe, “Customers for Life”  
• Chapter 11: Price and Output Determination: Monopoly and Dominant Firms  
• Chapter 12: Price and Output Determination: Oligopoly  
• “Cereal Firms in Cost-Price Squeeze,” Reuters News Service (May 15, 1996)  
• Nelson and Beil, “A classroom Experiment on Oligopolies” |
| Week 12 | 04/03/2018 | • Effective business tactics in anticipating rival response and counter-response  
Value-based pricing; differential pricing in segmented markets; Pricing throughout the product lifecycle; Internet pricing | • Chapter 14: Pricing Techniques and Analysis Review |
| Week 13 | 04/10/2018 | • Regulatory compliance to make value-maximizing decisions  
• Antitrust; business permits; licensing and patent; market-based approach to environmental regulations  
Emission permit trading simulation | • Chapter 16: Government Regulation  
• Kim, “The Effectiveness of Alternative Emission Control Policies in the San Joaquin Valley of California.  
• IMF, “Taxes and Tradable Permits as Instruments for Controlling Pollution: Theory and Practice.” |
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<th>Week 14</th>
<th>04/17/2018</th>
<th>3rd Problem Set Due on April 20</th>
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<tr>
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<td>• Capital budgeting process</td>
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<td>• Estimating cash flows</td>
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<td>• Evaluating and choosing the investment projects to implement</td>
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<td>• Estimating the firm’s cost of capital</td>
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<td>• Cost-benefit analysis</td>
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<td>• Role of the finance manager</td>
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<td>• Forecast a firm’s financial needs</td>
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<td>• Financial statements analysis</td>
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<td>• Key financial ratios analysis</td>
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<td>• Course review</td>
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<td>• Research Paper Presentations</td>
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<td>Week 15</td>
<td>04/24/2018</td>
<td>Research Paper Due on April 28</td>
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<td>• Research Paper Presentations</td>
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<td>• Chapter 17: Investment Analysis</td>
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<td>• Corporate finance and for managers and financial analysis (readings will be provided in week 13).</td>
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Final Exam: May 8 (6:30 to 8:45pm)