Econ 3324   Spring 2013
Managerial Economics   R Claycombe

Text: Samuelson and Marks, 6th ed.

Week 1:   Jan. 28 – Feb 1
               Chap. 1
               Questions and Problems 4 will be done in class; be ready to participate!
               Chapter 2
               Questions and Problems 2, 6, 12 are to be handed in. The due date will be given in class. Questions and
               Problems 5 and 14 will be discussed in class. Think about them ahead of time.

Week 2:   Feb 4 - 8
               Chapter 2 Appendix and Special Appendix
               Questions and Problems 2 (careful, see problem 1; hand in) and Spreadsheet Problem S2 (found after the
               main chapter problems, hand in) (MR= ((1-A/(A+8))*20/(A+8), product and chain rule will give this)

Week 3:   Feb 11 – 15
               Chapter 3
               Questions and Problems 6,8, 10

Week 4   Feb 18 – 22
               Chapter 3
               Questions and Problems 16, S2 (hand in), S3 (in class after S2 is back)

Week 5   Feb 25 – Mar 1
               EXAM
               Chapter 4
               Questions and Problems 4,8 (hand in)

Week 6   Mar 4 - 8
               Chapter 4 Appendix   S1S4 (hand in)
               Chapter 5
               Questions and Problems 4, 6, S1, Clayco 1 (hand in)

Week 7   March 11 – 15
               Chapter 6
               Questions and Problems 8,10, S2 (hand in)

Week 8   Mar 18 – 22
               Chapter 6 Appendix
               Questions and Problems 2 (p. 277) (hand in)
               Chapter 7
               Questions and Problems 2, 8 (hand in)

Week 9   Mar 25 – 29
               Chapter 8
               Questions and Problems 7, 8, Clayco 2,3, S1 (hand in)

Week 10   Apr 1 - 5

EXAM
Chapter 9
Questions and Problems 4,6 (hand in) S2 (in class)

Week 11   Apr 8 - 12
Chapter 9 Appendix
Questions and Problems 2 (hand in)

Week 12   Apr 15 - 19
Chapter 10
Questions and Problems 4,7,14 (hand in)

Week 13   Apr 22 – 26
Chapter 10 Appendix
Questions and Problems 2 (hand in)

Week 14   Apr 29 – May 3
Chapter 12
Questions and Problems 2,4,6, Clayco 4, (hand in), 14a (in class)

Grades:

Hour Exams: 2	each worth	20%
Final		25%
Homework		15%
Class attendance and participation		10%
Final Project		10%

Note: be sure to show work on all homework problems. Short answers are given in the back of the book, which I encourage you to use to confirm your results. When you have trouble, come to me for help or work on it with a classmate.
(Collaborative work is permitted on homework, but the final product should not appear as if it was copied from another paper. If I feel that your work is not sufficiently independent, I will give you one warning.)

Final Project

Toward the end of the course we will begin a large review problem that will require you to apply much of what you've studied. You will be given information pertaining to the demand and costs and of a firm and behavior of its competitors and your task will be to critique the decisions that have been made and to devise future strategies for price, advertising and production. A paper containing your reasoning and your results will be due on the last day of the semester. It should contain not only a description of what you did and thought, but it should show all regressions and calculations that you employed. More detail on the assignment will be provided when we are ready for it.

Clayco Problems – Econ 3324

1) "Empirical Case 6" is attached.

2) Continue problem 7 from Chapter 8. This time assume all profit is received at year end and there is a 7 percent discount rate. If we assume that profit flows in more or less evenly over time is it possible that the short run strategy will be better? Why are the present value sums so much smaller than the undiscounted ones?

3) Do S2 from Chapter 8, but you have an option. You can do it all algebraically and not use the spreadsheet and optimizer if you prefer.

4) You have two options, A and B, which will give profits given in the following table depending on the demand level.

		Option	
		A	B
Demand	H	112	70
	M	70	50
	L	13	28

If the probability of high demand is .1, medium demand is .6 and low demand is .3,
a) what are the EV's of the options?
b) What are the standard deviations of the options?
c) Make an indifference curve diagram of these values and say if there is a clearly superior option.
d) If the MRS of dollars of standard deviation for EV is one (at least in the vicinity of these values), which option is better?