

BEPP 250/950: Intermediate Managerial Economics
Fall 2012 (draft)

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This course introduces students to managerial economics, the application of microeconomic theory to management problems. Microeconomic theory offers a highly useful set of ideas useful for understanding and analyzing human behavior in a variety of contexts. Our goal in this course is to help you understand this body of theory so you can analyze private and public management problems in an economic framework. This is a “tools” course, but we will discuss many business applications and offer a strong emphasis on prescription, as opposed to description. For example, we will focus on profit maximization as a management objective rather than simply a foregone conclusion.

Course Structure and Requirements: The course is divided into two modular sections; the first module is taught by Prof. Mitchell and the second by Prof. Merion. We begin with a brief introduction of the theory of supply and demand underlying the competitive market model, the benchmark for evaluating other market structures. Accordingly, even in markets which are less than perfectly competitive, an understanding of markets is essential to pricing and product positioning decisions. Next we examine market structures similar to those encountered by real-world firms including monopoly, oligopoly, and monopolistic competition. We then move to build an understanding of the development and use of market power, and strategic interaction among firms. Last, we examine market failures including asymmetric information and externalities.

Lecture 1: M-W 12-1:20 pm	JMHH 250
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Section 201 • F 10-11 am

Section 202 • F 11-12 noon

Lecture 2: M-W 3-4:20 pm	JMHH 340
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Section 203 • F 10-11 am

Section 204 • F 11-12 noon

TAs:

Section 001: Albert Zevelev	azev@wharton.upenn.edu	
BPUB 250-201	F 10:00-11:00	JMHH F92
BPUB 250-202	F 11:00-12:00	JMHH F92

BEPP 250 Office Hrs: Friday 3-5 pm

BEPP 950 Office Hrs: Friday 1 -2 pm

Section 002: Ryan Peters	petersry@wharton.upenn.edu	
BPUB 250-203	F 10:00-11:00	JMHH F36
BPUB 250-204	F 11:00-12:00	JMHH F36

BEPP 250 Office Hrs: Friday 2-4 pm

Readings: The required textbook for this course is *Microeconomics: Theory & Applications with Calculus*, 2/E by Jeffrey M. Perloff, as well as additional readings which we will put in the course website and/or hand out in class. We strongly recommend that you come to class **having read the relevant sections of the textbook prior to lecture.**

You will also find it beneficial to read the *Wall St Journal* to enhance your knowledge of some of the topics we will touch on in class (this is not required, just useful for your general business education).

This course will also use MyEconLab, an interactive online program that students find useful in learning to solve problems (**see more below**).

Prerequisites: Students need to have taken or waived introductory economics (e.g. Econ 001/010). Students must also be familiar with simple calculus (which makes this course much easier). Don't worry if your math is rusty, because we'll review relevant math.

Sections: Students are expected to attend the TA session to which they have been assigned. In the event of a permanent time conflict, students may request written permission of the origin and destination TAs if they need to attend a different section.

Course Grading: Your course grade will be a function of your performance on the following:

- Several **in-class quizzes** (worth 10% total) to be held on dates identified in the syllabus. These are intended to give you practice working with the material to be covered on the tests. Each student will be permitted to drop the lowest single quiz grade from his or her total quiz grade.
- **Two examinations** (each worth 45%) to be held in the evenings, as noted in the course calendar.

Quizzes and exams will be *closed book*; students may bring a calculator (non-programmable calculator only).

➔**NOTE:** Students may miss scheduled quizzes or exams only with a University-approved excuse. This includes sickness accompanied with a written medical excuse from a licensed medical practitioner explaining why you cannot take the test. Other valid excuses include direct conflicts with another course offered at Penn that cannot be rescheduled as well as a varsity (but not club) sport competition (but not training). For example, job interviews and vacations in Palau are *not* legitimate excuses.

Add/Drop Deadlines: As per University Regulations, “You may drop courses until the end of the fifth week of classes...After the drop deadline, you may submit a petition to the Petitions Committee to drop a course” (see undergrad.wharton.upenn.edu/policies/academic_regulations.cfm#selecion). It is the policy of the Course Instructors in the class to sign no petitions to drop the course after the 5th week.

Withdrawal Deadline: As per University policy, the formal withdrawal deadline is “after the end of the tenth week of the semester. (See undergrad.wharton.upenn.edu/policies/academic_regulations.cfm#withdrawal.) If you have a serious and compelling extenuating circumstance, you may petition the Petitions Committee to grant a late withdrawal for a course.” It is the policy of the Course Instructors in the class to not permit withdrawal from the course after the 10th week of class unless the petition is accompanied by a written medical excuse by a licensed medical practitioner indicating that a student cannot complete *this* course.

Expectations:

- Class attendance and punctuality are expected.
- Students will receive communications from instructors and TAs via Canvas and email.
- To submit a regrade request for an exam, a student must submit the original test sheet, *a signed regrade affidavit* (see course Canvas for the template), and a written memorandum explaining why the exam should be regraded. Such requests must be submitted within five business days after the examination has been returned to the class. The entire exam will then be reviewed and will be compared against a photocopy made prior to returning the test to the students. On regrade, a student's midterm grade may go down, go up, or remain unchanged at the prerogative of the professor for that module. *Students must not mark, make notes on, or alter the exam papers for which they seek a regrade; any such alteration will be seen as a violation of the Code of Academic Integrity.*
- All students must become familiar with and adhere to the Penn Code of Academic Integrity; you are responsible for reviewing in and abiding by it. It is Department policy to immediately give a failing grade for the course to a student in violation of the University of Pennsylvania's Code of Academic Integrity. In particular, cheating in any

manner on a graded assignment, quiz, or exam, will result in failing both the assignment/exam and the course. In addition to the sanctions imposed by the Department, the Office of Student Conduct may impose additional sanctions. For further information see http://www.upenn.edu/provost/PennBook/academic_integrity_code_of.

Getting Started with MyEconLab

MyEconLab is a dynamic, interactive eLearning program. Your instructor has requested that you have access to this online program to do practice homeworks, answer practice quizzes, and access the textbook.

To access your MyEconLab online course for the first time, you need to **register and log in**. Whenever you want to use MyEconLab after that, you just need to log in. You can do both from the same starting point, at www.pearsonmylab.com

To **register**, you will need a *student access code* and a *course ID* (see below). If you purchased a new textbook, it should have come with a Student Access Kit that contains a code you can use to register. If you do not have a Student Access Kit, you can purchase access online with a major credit card (see below).

Course ID: BEPP 250-950 - Section 1
Course ID: mitchell21224

BEPP 250-950 - Section 2
Course ID: mitchell97949

Registration

1. Go to www.pearsonmylab.com and click the **Student** button, in the **Register** section.
2. Enter the **course ID** (see above, depends on your section) and click **Continue**.
3. If you have an existing Pearson account, Sign in with your existing user name and password, if not click **Create an account**.
4. Choose to register an **access code**, or purchase access with a **credit card / PayPal**. If you are waiting on financial aid to purchase your course materials, select the **Get temporary access without payment for 17 days** at the bottom of the page.
5. Follow the instructions to complete your registration. Check your email for your registration confirmation.

To log into your course

1. Go to www.pearsonmylab.com
2. Click on **Sign In**
3. Enter your username and password, then click **Sign In**
4. Click on the course name on your Courses home page to begin working in your course.

Be sure to click on the **Browser Check** link on the Announcements area. This installation wizard will walk you through necessary plugins and players that you will need to use the MyEconLab resources.

Need More Help?

A video walkthrough of the registration process is available at <http://pearsonmylabandmastering.com/students/> Help and Support from within your course is available by clicking on the **Help and Support Link** on the top right hand side of your screen. To contact Pearson support directly, please visit: <http://247pearsoned.custhelp.com/>

BEPP 250/950 Course Schedule and Key Dates: Dates and topics may be updated via webCafé during the term. Note: The first midterm exam is to be held on Thursday, October 18, 2012; the second midterm exam will be held on Thursday, December 6. Both are held from 6-8 p.m. PLEASE PLAN ACCORDINGLY as you are expected to take the tests on these dates and at these times (*makeups only with university-approved excuse*).

Session	Date	What's Due	Topic(s)	Read Chapters
MOD I				
1	W Sept 5		Intro. To Microeconomics; Supply & Demand	1, 2
2	M Sept 10		Optimization & Consumer Theory	3
3	W Sept 12		Individual and Market Demand	4,5
4	M Sept 17		(cont)	
5	W Sept 19	In-Class Quiz #1	Producer Theory	6
6	M Sept 24		Costs of Production	7
7	W Sept 26		(cont)	
8	M Oct 1		Profit Maximization and Competitive Supply	8
9	W Oct 3	In-Class Quiz #2	Analysis of Competitive Markets	9, 10
10	M Oct 8		Monopoly/Monopsony	11, 15
11	W Oct 10		Pricing with Market Power	
	F Oct 12	<i>Drop period ends</i>		
12	M Oct 15	Last Class Mod I	Price Discrimination	12
REVIEW	W Oct 17	6 PM Review (both sections)		
EXAM	Th Oct 18	6 PM Midterm (both sections)		
MOD II				
	S-T Oct 20-23	FALL BREAK		
13	W Oct 24		Monopolistic Competition	14
14	M Oct 29		Oligopoly	
15	W Oct 31		Game Theory & Competitive Strategy	13
16	M Nov 5		(cont)	
17	W Nov 7		Efficiency	
18	M Nov 12	In-Class Quiz #3	(cont)	
19	W Nov 14		Externalities. . .	17
20	M Nov 19		& Public Goods	
	W Nov 21	no class scheduled		
	Th-S Nov 22-25	THANKSGIVING BREAK		
21	M Nov 26		Asymmetric Information	18
22	W Nov 28	In-Class Quiz #4	Uncertainty	16
23	M Dec 3		Moral Hazard & Incentives	19
24	W Dec 5	<i>Last Class Mod II</i>	Auctions	
REVIEW	W Dec 5	6 PM Review (both sections)		
EXAM	Th Dec 6	6 PM SECOND EXAM (both sections)		