**Managerial Economics**

**Course Calendar**

School of Management, Huazhong Univ. of Sci. & Tec.

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# **Course introduction**

Managerial Economics develops simple, practical tools and concepts for business students as well as practical managers. It integrates the discipline to other managerial functions, including accounting, finance, human resource management, and marketing. Managerial Economics teaches students how to make better business decisions, not how to build models.

**Textbook**

Managerial Economics, by Ivan Png, Dale Lehman, Blackwell Publishing, 3rd version.

**Course Calendar**

100% of this course is taught in English. Contents include the following parts:

**Lecture 1** Overview of managerial economics

* 1. New vs. Old economy
  2. Preliminary including scope of managerial economics, seven principles of microeconomics, methodology,
  3. Timing
  4. Organization: horizontal vs. vertical boundary; individual behavior
  5. Market including concept, competitive market, market power and imperfect market

**Text book**: Chapter 1. Introduction to managerial economics

**Case study:** Airbus v. Boeing

**Lecture 2 Demand and Elasticity**

**Demand**

* 1. Individual demand
  2. Demand and income
  3. Other demand factors
  4. Market demand
  5. Buyer surplus
  6. Business demand
  7. Describe the impact of e-marketplaces on organizations.

**Text book**: Chapter 2. Demand

**Case study**: SUVs and gasoline prices

**Elasticity**

3.1 Own-Price Elasticity

3.2 Forecasting Quantity Demanded and Expenditure

3.3 Other Elasticities

3.4 Adjustment Time

3.5 Estimating Elasticities

**Text book**: Chapter 3. Elasticity

**Case study**: New York MTA Subway

**Lecture 3 Supply**

* 1. Short-Run Costs
  2. Short-Run Individual Supply
  3. Long-Run Individual Supply
  4. Market Supply
  5. Seller Surplus
  6. Labor Supply
  7. Elasticity of Supply

**Text book**: Chapter 4. Elasticity

**Case study**: Bestar, Canadian furniture manufacturer

**Lecture 4 Competitive Markets**

* 1. Perfect Competition
  2. Market Equilibrium
  3. Supply Shift
  4. Demand Shift
  5. Adjustment Time

**Text book**: Chapter 5. Competitive Markets

**Case study**: Frontline, independent tanker operator

**Lecture 5 Economic Efficiency and Cost**

**Economic Efficiency**

**6.1** Conditions for Economic Efficiency

6.2 Adam Smith's Invisible Hand

6.3 Decentralized Management

6.4 Incidence

**Text book**: Chapter 6. Economic efficiency

**Case study**: China's food crisis

**Cost**

7.1 Economies of Scale

7.2 Economies of Scope

7.3 Experience Curve

7.4 Opportunity Cost

7.5 Sunk Costs

**Text book**: Chapter 7. Cost

**Case study**: Airbus and Boeing

**Lecture 6 Monopoly**

**8.1** Sources of Market Power

8.2 Monopoly Pricing

8.3 Demand and Cost Changes

8.4 Advertising

8.5 Research and Development

8.6 Market Structure

8.7 Monopsony

**Text book**: Chapter 8. Monopoly

**Case study**: Eli Lilly: Prozac

**Lecture 7 Pricing Policy**

9.1 Uniform Pricing

9.2 Complete Price Discrimination

9.3 Direct Segment Discrimination

9.4 Location

9.5 Indirect Segment Discrimination

9.6 Bundling

9.7 Selecting the Pricing Policy

**Text book**: Chapter 9. Pricing

**Case study**: Emirates Airlines

**Lecture 8** Strategic Thinking

10.1 Nash Equilibrium

10.2 Randomized Strategies

10.3 Competition or Coordination

10.4 Sequencing

10.5 Strategic Moves

10.6 Conditional Strategic Moves

10.7 Repetition

**Text book**: Chapter 10. Strategic Thinking

**Case study**: Coke vs. Pepsi

**Lecture 9** **Oligopoly**

11. 1 Pricing

11.2 Capacity

11.3 Price/Capacity Leadership

11.4 Restraining Competition

11.5 Antitrust (Competition) Policy

**Text book**: Chapter 11.Oligopoly

**Case study**: Spring and Nextel

**Lecture 10 Imperfect Markets (Advanced topics)**

12.1 Externalities introduction

12.2 Resolving Externalities

12.3 Network Effects and Externalities

12.4 Public Goods

12.5 Excludability

12. 6 Imperfect Information introduction

12.7 Adverse Selection

12. 8 Appraisal, Screening, Auctions and Signaling

12.9 Contingent Payments

**Text book**: Chapter 12.Externality, Chapter 13 Asymmetric Information

**Case study**: General Growth REIT, The Hartfold