

EMBA 8400

Managerial Economics

Spring 2010

Course Objective

This is a practical course that will prepare students to better comprehend the current economic environment, where the forces of globalization interact with technology. Needless to say, understanding the economic consequences of these changes is critical to the success of the firm and its manager. Both economic theory and common sense will be used to demonstrate how business professionals can interpret information about the economy and use it in their working environment. The goal is for EMBA graduates to understand how things work in a modern economy by interpreting data signals and the interaction of different “micro” sectors that make up the “macro” or big picture. This is expected to help the executive make intelligent business decisions in the rapidly-changing business cycle environment. A secondary objective of the course is to provide students with the tools to critically evaluate articles in the popular financial press, such as *The Wall Street Journal*, *The Economist* and *Business Week*.

The first part of this course (first 2 ½ lectures) establishes the important concepts from microeconomics that are essential for understanding the macroeconomic issues. The focus is on production functions, profit and cost structure, all of which are illustrated by an industry analysis exercise. The second part of the course introduces basics of macroeconomics. The focus here is about knowing how the economy works and how it is measured, plus the nature of the monetary system.

Professor Information

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Course Materials

Assigned chapters and articles should be read before coming to class each week.

Text book: *Principles of Economics*, by N. Gregory Mankiw, 5th Edition, 2009

Lecture Notes: Lecture Notes (PowerPoint slides) will be available on the course website: <http://www.rdhawan.com/emba>

Articles: Articles published in magazines and newspapers such as *Business Week*, *Fortune*, *Economist*, *The Wall Street Journal*, etc. They are also available at the course website.

Grading Policy:

Grades for this course will be based on two quizzes and a final exam.

TWO RULES about exams:

- 1.) No Early or Makeup Exam is Allowed.
- 2.) All Exams Are Open Book.

The details are as follows:

20% Quiz #1 (in class on Saturday, March 20th, 2010)

- Multiple choice and short answer questions (open book).
- *Time Allowed:* 30 minutes.

Lectures & Chapters Included: *Lecture 1 (only)* {Chapters: 1, 2, 4, and 6}

30% Quiz #2 (in class on Saturday, April 3rd, 2010)

- Multiple choice and short answer questions (open book).
- *Time Allowed:* 45 minutes.

Lectures & Chapters Included: *Lectures 2 & 3* {Chapters: 3, 5, 13, 14, and 23}

50% Final Comprehensive Exam (in class on Saturday, April 17th, 2010)

- Multiple choice and short answer questions (open book).
- *Time Allowed:* 2 hours.

Lectures & Chapters Included: *Lectures 1, 2, 3, 4, & 5*
{Chapters: 1, 2, 4, 6, 3, 5, 13, 14, 23, 24, 26, 28, 29 and 30}

Academic Honesty: I will adhere to Georgia State University's policy on academic honesty as published in the Faculty Handbook and in On Campus: The Student Handbook. "Both the ideals of scholarship and the need for fairness require that all dishonest work be rejected as a basis for academic credit. They also require that students refrain from any and all forms of dishonorable or unethical conduct related to their academic work."

For details refer this link: <http://www.gsu.edu/~wwwfhh/sec409.html>

COURSE OUTLINE

MICROECONOMICS

LECTURE 1 (Friday, March 19, 2010. From 1:15 P.M. to 5:30 P.M.)

Topic: Basics of Microeconomics I

- 10 Principles of economics (Ch.1)
- Review the concepts of fixed cost and opportunity cost (Ch. 1)
- Production functions & productivity (Ch. 2)
- Demand and Supply (Ch. 4)
- Controls on prices (Ch. 6)

Readings: Chapters: 1, 2, 4, 6 and articles for the week

LECTURE 2 (Saturday, March 20, 2010. From 1:15 P.M. to 5:30 P.M.)

>> Quiz #1 << First 30 minutes (Based on Lecture 1 only)

Topic: Basic of Microeconomics II

- Interdependence and the gains from trade (Ch. 3)
- Concept of elasticity and their applications (Ch. 5)

Readings: Chapters: 3, 5, and articles for the week

MACROECONOMICS

LECTURE 3 (Friday, April 2, 2010. From 8:00 A.M. to 12:15 P.M.)

>> Distribution of Quiz #1 <<

Topic: Basic of Microeconomics II (continued)

- Measurement of costs & profits (Ch. 13 & 14)
- Study case: "The Airline Industry"

Topic: Basics of Macroeconomics I

- Definition of GDP and basics of NIPA accounting (Ch. 23)

Readings: Chapters: 13, 14, 23 and articles for the week

LECTURE 4 (Saturday, April 3, 2010. From 8:00 A.M. to 12:15 P.M.)

>> Quiz #2 << First 45 minutes (Based on Lecture 2 and 3)

Topic: Basics of Macroeconomics I (continued)

- Measurement of Business Cycles (lecture notes)
- How / where to get data and what does it means (lecture notes)
- Consumer price index & inflation (Ch. 24)
- Savings, Investment & Deficits (Ch. 26)

Readings: Chapters: 24, 26 and articles for the week

LECTURE 5 (Friday, April 16, 2010. From 1:15 P.M. to 5:30 P.M.)

>> Distribution of Quiz #2 <<

Topic: Basics of Macroeconomics II

- Modern labor market behavior and movement of labor (Ch. 28 & Lecture notes)
- Monetary System: meaning of money, Money Multiplier (Ch. 29)
- Money, Growth and Inflation (Ch. 30)

Readings: Chapters: 28, 29, 30 and articles for the week

LECTURE 6 (Saturday, April 17, 2010. From 1:15 P.M. to 5:30 P.M.)

>> Final Comprehensive Exam << 2 hours (Based on Lectures 1, 2, 3, 4 and 5)

- Review, Questions & Answer Session: first 1 hour
- Final Exam: 2 hours

Readings: Lectures 1, 2, 3, 4 and 5 [Chapters: 1, 2, 4, 6, 3, 5, 13, 14, 23, 24, 26, 28, 29, 30 and any additional lecture notes]