

Markets and the Firm (MGP 402AY)
Graduate School of Management
University of California at Davis
Professor Victor Stango

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Office hours: before/after class or by appt.

Course objective

What trends in future prices can businesses expect for their products or services, and what are their most important profit drivers? When is it a good idea to expand into a new market, or develop a new product? How should firms price their products, and when is segmenting customers a good idea? What leads some firms to consistently outperform their competitors, even over sustained lengths of time?

All of these questions are informed by economic analysis. **This course surveys the fundamental principles of microeconomics and describes how those principles inform managerial decision-making**, in the contexts above and many more. We'll use a variety of real-world examples and current events to illustrate key concepts.

The first section of the course introduces essential concepts such as opportunity cost, sunk costs, supply and demand, and how competitive markets determine prices and profits. We also cover advanced topics including monopoly pricing, price discrimination, game theory, externalities, and information economics.

You should expect to leave the course with a firm grip on economic tools for thinking about business problems.

Textbook

We are using *Principles of Microeconomics*, by Robert Frank, Ben Bernanke, Kate Antonovics, and Ori Heffetz, 8th edition. You may purchase a used copy of the 7th edition, if you want to save money—most of the problems and nearly all of the content are identical in both. There are many options for new, used and ebook versions of both editions on Amazon and elsewhere. I view all as nearly equally acceptable options, and you should choose what you prefer.

Another option is to use the web version of the text, which also comes with supporting materials such as practice quizzes. I have heard very good things from prior students about the support materials, and there is a two-week free trial if you want to try it out. You will need an “instructor link” to the course, which is:

- <https://connect.mheducation.com/class/s-victor-mg202a> (8th ed.)

Class expectations and etiquette:

You will benefit from reading the required chapters prior to class sessions. The lecture will presume some familiarity with the material. You are responsible for all material in the assigned chapters and any appendices associated with those chapters, unless we explicitly state otherwise; my class notes will be the best guide to what's important for quizzes and the final exam.

I do not take attendance. If you are on a border between grades, your attendance and participation in class will be considered. I will provide my PowerPoint slides for each class in advance; those slides will contain most, but not all, of what we cover in class. If you miss class, catching up (for example, by getting lecture notes from a classmate) is your responsibility.

Class rules for both in-person and Zoom sessions are simple: act as you would in any other professional setting. Turn off all cell phones, computer sound, and so on. Refrain from speaking when others are speaking. I understand that you may need to miss class, arrive late or leave early. I would appreciate advance notice of that, and consideration of others when arriving or leaving.

For in-person classes, I prefer to be flexible regarding laptop use for class purposes such as taking notes. However, a laptop screen can distract students sitting behind the laptop user. For that reason, if you want to use a laptop for class purposes I prefer that you sit toward the back of the class, preferably in the back row. I reserve the right to modify the laptop policy at any time, based on feedback I receive from students during the term.

Workload and how to do well

This is a 4-unit course. Under the policies adopted by the GSM, you should expect an average of four hours per week of instruction (including asynchronous sessions, synchronous sessions, and breaks). The approximate hourly workload out of class should be 4-12 hours. For success, I would recommend at minimum that you:

- Attend all sessions
- Read each chapter both before and after each session
- Actively think and participate in class discussions
- Do the recommended homework problems following each chapter

Grading

There are several items that will make up your grade. The items total to 100 points:

- Two quizzes worth 30 points each during the quarter
- A comprehensive final exam worth 40 points

You may substitute **one** quiz grade with your final exam grade, should it be higher than any quiz. If you miss one quiz, your final grade will automatically replace it.

Homework questions:

There is no assigned homework. At the end of each chapter is a series of homework questions. I recommend that you work them all. Answers to all the homework questions will be made available to you on Canvas.

Quizzes:

The quizzes will be offered online through Canvas during a specified time window spanning a few days, and you can take them in any 90-minute window of your choosing in that window.

Office Hours and Review Sessions:

I am available to meet during Zoom office hours and by appointment; please email me if you would like an appointment to meet.

I am also available via email to answer questions about course material or homework questions. I check email much more frequently than voicemail.

Statement on Accommodation

UC Davis is committed to educational equity in the academic setting, and in serving a diverse student body. All students who are interested in learning about how disabilities are accommodated can visit the [Student Disability Center](#) (SDC). If you are a student who requires academic accommodations, please contact the SDC directly at sdc@ucdavis.edu or 530-752-3184. If you receive an SDC Letter of Accommodation, submit it to your instructor for each course as soon as possible, at least within the first two weeks of a course.

Rights and Responsibilities

All participants in the course, instructor and students, are expected to follow the UC Davis [Principles of Community](#), which includes affirmation of the right of [freedom of expression](#), and rejection of discrimination. The right to express points-of-view without fear of retaliation or censorship is a cornerstone of academic freedom. A diversity of opinions with respectful disagreement and informed debate enriches learning. However, in this course, any expression or disagreement should adhere to the obligations we have toward each other to build and maintain a climate of mutual respect and caring. You are expected to take UC Davis's [Code of Academic Conduct](#) as seriously as we do. You were given this code of conduct with explicit explanations of violations (e.g. plagiarism, cheating, unauthorized collaboration, etc.) and your responsibilities in regard to them during orientation, and you signed a statement affirming that you understand it. Academic conduct violations will not be tolerated, and your instructor will not hesitate to turn violators over to Student Judicial Affairs. If you are uncertain about what constitutes an academic conduct violation, please refer to the code linked above, contact your instructor, or refer to the [Office of Student Judicial Affairs](#).

Safety and Emergency Preparedness

UC Davis has many resources to help in case of emergency or crisis. While reviewing campus [Emergency Information](#), you may want to register for UC Davis Warn Me and Aggie Alert, which will give you timely information and instructions about emergencies and situations on campus that affect your safety. If there is an emergency in the classroom or in non-Davis locations, follow the instructions of your instructor.

Student Wellness

You deserve respect, and are encouraged to [practice self-care](#) so that you can remain focused and engaged; that might mean getting a drink of water, leaving to use the restroom, taking a moment to stretch, or doing something else you need to do to take care of yourself. Please be respectful of others by minimizing distractions when practicing self-care – especially in lab, field or studio settings where safety is imperative. You can visit [Virtual UC Davis](#) to find resources related to health and well-being, academics, basic needs (food and housing) and more.

Online session	In-person session	Topic
Jan. 4, 6:00-7:50 pm		Chapter 1
	Jan. 8, 9 am–12:30 pm	Chapters 1, 3
Jan. 11, 6:00-7:50 pm		Chapter 3
Jan. 18, 6:00-7:50 pm		Chapter 4
	Jan. 22, 9 am–12:30 pm	Chapter 4
Quiz 1 (covering chapters 1, 3, and 4)		
Jan. 25, 6:00-7:50 pm		Chapter 5
Feb. 1, 6:00-7:50 pm		Chapter 6
	Feb. 5, 9 am–12:30 pm	Chapter 6
Feb. 8, 6:00-7:50 pm		Chapter 7
Feb. 15, 6:00-7:50 pm		Chapter 7
Quiz 2 (covering chapters 5-7)		
	Feb. 19, 9 am–12:30 pm	Chapter 8
Feb. 22, 6:00-7:50 pm		Chapter 9
Mar. 1, 6:00-7:50 pm		Chapter 9
	Mar. 5, 9 am–12:30 pm	Chapter 11
Mar. 8, 6:00-7:50 pm		Chapter 12

Disclaimer

Unexpected events might require elements of this syllabus to change. Your instructor will keep you informed of any changes.