Course Title:
Managerial Economics II

Course Number:
ECON 5043-104

Course Description:
The course emphasizes practical applications of economic theory and techniques to business problems. The major topics to be covered include strategic behavior in the oligopoly markets, managerial incentives, risk and uncertainty, signaling and screening, auction and government relations to business. Real world examples and cases will be utilized to demonstrate the theoretical models developed in class.

Class Dates, Location and Hours:
Dates: September 25-27 & October 2-4, 2015
Location: OCCE, Norman, Oklahoma. Classes are held at the Thurman White Forum Building of OCCE, 1704 Asp Avenue.
Hours: Friday 5:30-9:30 p.m.; Saturday 8:30 a.m.-4:30 p.m.; Sunday 1:00 - 5:00 p.m.
Last day to enroll or drop without penalty: August 27, 2015

Site Director:
Bethany Neubauer. Phone: 405-325-1263; Fax: 405-325-9148; email: apnorman@ou.edu

Professor Contact Information:
Course Professor: Qihong Liu
Mailing Address: Department of Economics
University of Oklahoma
Norman, OK 73019
Telephone Number: (405) 325-5846
Fax Number: (405) 325-5842
E-mail Address: qliu@ou.edu
Professor availability: The professor will be available via e-mail to students before and after the class sessions. On-site office hours are half an hour before and after each class session, by appointment.

Textbook(s) and Instructional Materials:
Student materials are available at the OU Follett Bookstore located at 1185 Asp Avenue; Norman, OK, and can be ordered online, by phone, by email, or by fax. Ordering online at http://www.bksstr.com/oklahomastore/home is strongly recommended – students can track the status of their order within 48 hours. If an order has not been shipped within three days, students can contact the Follett textbook manager by phone (405) 325-3511, (800) 522-0772 (toll-free) or email 0831mgr@fheg.follett.com. Phone orders (ask for the textbook manager and identify yourself as an Advanced Programs student) can be placed 8 a.m. to 6 p.m. Monday through Thursday; 8 a.m. to 5 p.m. on Friday; 10 a.m. to 4p.m. on Saturday (CST). Summer hours: 9 a.m. to 5 p.m. Monday through Friday (CST). Fax orders can be placed 24 hours a day at (405) 325-7770. Text prices are available online.

2. Materials posted on the OU Desire to Learn (D2L) system in conjunction with e-mails, to distribute post various course materials including a companion readings list, practice exams and solutions.
Please verify that you can log on to D2L and access course information before semester starts. Access D2L at [http://learn.ou.edu](http://learn.ou.edu); enter your OU NetID and password, and select course to access material. Please contact your local Site Director if you require assistance.

**Course Objectives:**

This course will equip students with quantitative techniques for decision making and solving business problems. In particular, we will rely on optimization rules and techniques to solve business problems using game theoretic as well as empirical approach. The goal is to demonstrate how managers can apply the microeconomic concepts and models to real world problems.

**Course Outline:**

- **Ch. 9. Basic Oligopoly Models**
  Strategic interaction; Sweezy, Cournot, Stackelberg and Bretrand Oligopoly; Contestable markets.

- **Ch. 10. Game Theory: Inside Oligopoly**
  Basic concepts of game theory; Simultaneous one-shot games; Repeated games; Multistage games.

- **Ch. 11. Pricing Strategies for Firms with Market Power**
  Basic vs. more advanced pricing strategies

- **Ch. 12. The Economics of Information**
  Basic concepts; Risk and uncertainty; Information asymmetry; Auction.

- **Ch. 13. Advanced Topics in Business Strategy**
  Limit pricing; Predation; Raising rival’s costs; Price discrimination; Leader vs. follower; Penetration pricing;

  Market failure; Rent seeking; Government policy.

**Companion Readings**

A separate companion reading list, organized by chapters and posted on D2L, includes a set of academic and popular media articles related to the topics we cover.

**Assignments, Grading and Due Dates:**

**Pre-course Reading:**
Students are required to read Ch. 1, 7 and 8 before class starts. We will start with Chapter 9 in class.

**Homework:**
The student will need to work through most of the problems from each assigned chapter.
You need to submit a subset of these problems which we will also discuss in class, together with the Time Warner case. The exact problems and due dates will be announced at the beginning of the first class.
The homework you submit together with the class discussion will determine **20%** of your final grade.

**Exam:**
The midterm and final exam will be worth **35%** and **45%** of the final grade respectively.
**Grading:**

This is a letter-graded course: A, B, C, D, or F.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Due Date</th>
<th>Percent of Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework</td>
<td>During class sessions</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm exam</td>
<td>During class sessions</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Last class session</td>
<td>45%</td>
</tr>
</tbody>
</table>

**Notice:** Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.
POLICIES AND NOTICES

Attendance/Grade Policy

Attendance and participation in interaction, individual assignments, group exercises, simulations, role playing, etc. are valuable aspects of any course because much of the learning comes from discussions in class with other students. It is expected that you attend all classes and be on time except for excused emergencies.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution’s policy regarding “I” (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any “I” (Incomplete) grades by the end of the term or he/she may be placed on “financial aid probation.” If the “I” grade is not resolved/completed by the end of the following term, the student’s Financial Aid may be suspended make the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

Academic Integrity and Student Conduct

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student’s academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc…in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc…; intimidation and interference with integrity process; and plagiarism. All students should review the Student’s Guide to Academic Integrity at http://integrity.ou.edu/students_guide.html

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at http://studentconduct.ou.edu/

Accommodation Statement

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

Course Policies

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course. Advanced Programs does not provide duplicating services or office supplies.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: http://www.goou.ou.edu/
INSTRUCTOR VITA
Qihong Liu, Ph.D.

Education
- 2003  Ph.D. Economics, SUNY Stony Brook
- 2000  M.A. Economics, SUNY Stony Brook
- 1997  M.S. Management, China University of Mining and Technology, Beijing, China
- 1994  B.S. Management, Anhui University of Technology and Science, Wuhu, China

Current Positions
Associate Professor (with tenure), Department of Economics, University of Oklahoma

Frequently Taught Advanced Programs Courses
ECON 5043 Managerial Economics II

Major Areas of Teaching and Research Interest
- Managerial Economics I and II
- Microeconomic Analysis
- Strategy
- Government Relations to Business

Representative Publications and Presentations
Journal Articles
- "Reverse pricing and revenue sharing in a vertical market" (with Jie Shuai), forthcoming, Managerial and Decision Economics.
- "Third-degree price discrimination," (with Konstantinos Serfes), Journal of Industrial Organization Education Vol. 5: Iss. 1, Article 5 (2010).
• "Imperfect price discrimination, market structure and efficiency" (with Konstantinos Serfes), Canadian Journal of Economics, v38, 1191-1203 (2005).

Invited Seminar Presentations

• 2014: Southwestern University of Finance and Economics, China
  HeFei University of Technology, Hefei, China
• 2013: Indiana University-Purdue University Indianapolis, Indianapolis
• 2011: Drexel University
  University of Missouri
• 2009: Texas Tech University
• 2008: University of Oklahoma
  University of South Carolina
• 2007: University of North Dakota
• 2005: University of Oklahoma
  University of Massachusettes Amherst
• 2003: Queens College (CUNY)
  SUNY Stony Brook
• 2002: SUNY Stony Brook

National & International Conference Presentations

• 2015: WEAI Annual Conference, Honolulu (scheduled)
  International Industrial Organization Conference, Boston
• 2014: International Industrial Organization Conference, Chicago
  Western Economic Association International Conference, Denver
  Southern Economic Association Meeting, Atlanta
• 2013: Industrial Organization Theory Workshop, Jinan, China
  International Industrial Organization Conference, Boston
• 2012: Southern Economic Association Meeting, New Orleans
  Midwest Economic Theory Meeting, Indiana University
  International Industrial Organization Conference, George Mason University
• 2011: International Economic Association World Congress, Beijing, China
  International Industrial Organization Conference, Boston
• 2010: International Industrial Organization Conference, Vancouver
  Southern Economic Association Meeting
• 2009: International Industrial Organization Conference, Boston
• 2008: Southern Economic Association Meeting, Washington DC
  Midwest Mathematical Economics and Theory Meeting, Ohio State University
  International Industrial Organization Conference, Washington DC
  NET Institute Conference, New York University
• 2007: Southern Economic Association Meeting, New Orleans
  Far Eastern Meeting of the Econometric Society, Taipei
  Chinese Economists Society Meeting, Changsha, China
• 2006: Southern Economic Association Meeting, Charleston
  Far Eastern Meeting of the Econometric Society, Tsinghua University, Beijing, China
  Chinese Economists Society Meeting, Shanghai, China
International Industrial Organization Conference, Northeastern University
Spring Midwest Economic Theory Meeting, Michigan State University

- 2005: International Industrial Organization Conference, Atlanta
- 2004: International Industrial Organization Conference, Northwestern University
- 2003: International Conference on Game Theory at Stony Brook
  International Industrial Organization Conference, Northeastern University
  Eastern Economic Association, New York
- 2002: North American Summer Meeting of the Econometric Society, UCLA
- 2001: Western Economics Association Meeting, San Francisco

Representative Honors and Awards Received

- Summer grant, Networks, Electronic Commerce, and Telecommunications (NET) Institute, New York University, 2007 (with Konstantinos Serfes, equal share).
- College of Arts & Sciences Junior Faculty Research Fellowship, Summer 2006, 2008.
- Faculty Enrichment Grant, University of Oklahoma, Fall 2007, Fall 2008.
- College of Arts & Sciences Classroom IT Grant, University of Oklahoma (with Gary Hoover), Spring 2015.
- College of Arts & Sciences IT Grant Award, University of Oklahoma (with Alexander Holmes), Fall 2008.
- Presidential International Travel Fellowship, Summer 2007, Summer 2011.
- Research Council Funds - Small Grant, Spring 2008.