Course Title:
Managerial Economics II

Course Number:
ECON 5043-301

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 market bargaining and negotiations, risk analysis and managerial incentives, quantitative analysis, entry, exit and firm survival, auctions and competitive bidding. Real world examples will be utilized to demonstrate the theoretical models developed in class.

Class Dates, Location and Hours:

Dates: October 16-22, 2016
Location: Hangar 2, Room 202, Hickam AFB, Hawaii.
Hours: Sunday 8:30 a.m.-4:30 p.m.; Monday - Friday 6:00-10:00 p.m.; Saturday 8:30 a.m. - 12:30 p.m.
Last day to enroll or drop without penalty: September 17, 2016

Site Director:
Eric Ludvig. Phone: 808-449-6364 (DSN & Commercial); Fax: 808-422-5509; Email: aphickam@ou.edu

Professor Contact Information:

Course Professor: Georgia Kosmopoulou, Ph.D.
Mailing Address: Department of Economics
University of Oklahoma
308 Cate Center Drive
Norman, OK 73072
Telephone Number: (405) 325-3083
Fax Number: (405) 325-5842
E-mail Address: georgiak@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.bkstr.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@fhg.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 4 p.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.

Note: The Follett/AP Bookstore is the Advanced Programs contractual textbook provider. Should text changes become necessary after publication of the course syllabus, Advanced Programs will facilitate text returns/refunds only for texts purchased through the Follett/AP Bookstore.

Course Objectives:

This course will:

- equip students with some of the quantitative techniques currently used in decision making and in the solution of business problems. Use optimization rules and optimization techniques in business situations;
- demonstrate how managers can apply the economic concepts and models to real-world problems; and
- use economic models, techniques, and concepts to analyze firm behavior using a game theoretic and an empirical approach.

Course Outline:

I. The Strategic World of Managers: Oligopoly and Game theory. Price leadership, Price competition with Differentiated Products, market Strategy and games; Chapters 10 and 11.

II. Sophisticated market Pricing: Price Discrimination, Using Coupons and Rebates for Price Discrimination; Peak-Load Pricing, Two Part Tariffs; Bundling, Transfer Pricing; Chapters 8 and 9.

III. Entry, Exit, Accommodation Strategies, Auctions: Theory and empirical evidence on entry; auction mechanisms, bidding strategies, public procurement of contracts in auctions; Chapter 12 and a number of articles listed below.


IV. Risk Uncertainty and Incentives: Risk Analysis, Principal Agent Models and Moral Hazard, Adverse selection; Chapters 13, 14 and 15.

Assignments, Grading and Due Dates:

Students should read the material beforehand and solve the problems at the end of each chapter. The articles listed in section III will expose them to tests of important theories based on empirical data.
Students will not be required to master the methodologies used in these articles. These papers provide a foundation for empirical analysis in the field and students should read through and be able to summarize the contributions made by the articles focusing on ideas and lessons learned. They should also look for a real world economic issue of interest to them ahead of time that they could discuss in the classroom.

**Homework**

The student will have to work through the problems from each assigned chapter. We will discuss selectively some of them in class. Your contribution to this discussion will determine 10% of your final grade.

**Other in-class Assignment**

The students will have to do a study of a real world problem of interest to them. They will have to provide rigorous analysis of a problem using the analytical tools learned in this course. The analysis could be based on articles from the Wall Street Journal or other sources discussing an economic issue. I encourage you to look into Google scholar to research scientific articles. The presentation of the analysis in class will determine 20% of the grade.

**Exam**

The final exam will be worth 70% of the grade.

**Grading**

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

**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
Georgia Kosmopoulou

Education
- 1996  University of Illinois at Urbana Champaign Ph.D., Economics
- 1992  University of Illinois at Urbana Champaign M.Sc., Economics
- 1989  University of Piraeus, Greece, B.A., with honors, Economics

Professional Experience
- Edith Kinney Gaylord Presidential Professor, Department of Economics, University of Oklahoma, 2009-present
- National Science Foundation, Program Director in Economics, 2013-2016.
- Member of the Faculty Advisory Council to the Oklahoma State Regents for Higher Education 2011-2013.
- Chair of the Faculty Senate, University of Oklahoma, 2011-2012.
- University of Oklahoma, Professor, 2008-present, Associate Professor, 2003-2008, Assistant Professor, 1997-2003.

Frequently Taught Advanced Programs Courses
- ECON 5033 Managerial Economics I
- ECON 5043 Managerial Economics II

Major Areas of Teaching and Research Interest
- Managerial Economics I and II
- Microeconomic analysis
- Industrial Organization
- Public Economics

Representative Publications and Presentations
Mechanism Design/Auctions/Public policy


Game Theory/Classroom Experiments


Urban Economics


Book Contributions


Teaching manuscript


Invited Lectures/Seminar Presentations

• Northeastern University, February 2016.
• Colorado School of Mines, January 2016.
• University of Virginia, October 2015.
• University of California, Merced, September 2015.
• Virginia Polytechnic Institute and State University, September 2015.
• Lancaster University, UK, June 2015.
• Vanderbilt University, December 2014.
• Athens University of Economics and Business, March 2013.
• University of Piraeus, March 2013.
• University of Missouri, December 2012.
• Drexel University, invited for January 2012.
• University of Vermont, September 2011.
• Queen’s University, Belfast, UK, March 2011, October 2010.
• University of Cyprus, June 2009.
• University of Crete, May 2008.
• University of Minnesota, April 2007.
• Concordia University, Montreal, Canada, November 2006.
International & National Conference Presentations

- 14th annual International Industrial Organization Conference, Drexel University, Philadelphia, April 2016.
- Conference on Auctions, Competition, Regulation and Public Policy, Lancaster University, UK, May 2015.
- International Industrial Organization Conference, Boston, April 2015.
- 13th Conference on Research on Economic Theory and Econometrics, Milos, Greece, July 2014
- Conference on Auctions, Competition, Regulation and Public Policy, Lancaster University, UK, June 2014.
- International Industrial Organization Conference, Northwestern University Chicago, April 2014.
- Workshop on Public procurement and Concession Design: Theory and Applications, Sao Paulo School of Economics, Sao Paulo, Brazil, March 2014.
- Missouri Valley Economic Association Meetings, Memphis Tennessee, October 2012.
- Western Economic Association Meetings, San Francisco, June/July 2012.
- International Industrial Organization Conference, Boston, April 2011.
- American Institute of Chemical Engineers Annual Conference, Salt Lake City, November, 2010.
- AIChE, Nashville 2009.
- IIOC, Boston, April 2009 (two papers presented).
- Society for the Advancement of Economic Theory, Kos, Greece, June 2007.
- International conference on Computing in Economics and Finance, Montreal, Canada, June 2007 (presentation by Ph.D. student Jacob Dearmon).
- International Industrial Organization Conference, Boston, April 2006.

Representative Honors and Awards Received

- Edith Kinney Gaylord Presidential Professor, 2009.
- Outstanding Graduate Professor award, Department of Economics, University of Oklahoma, 2011.
- ODE Outstanding Professor of the Year award, Department of Economics, University of Oklahoma, 2001.
- Junior Faculty Research Award Recipient, University of Oklahoma, 1998.
- Ranked 1st in the graduating class of 1989, University of Piraeus, Department of Economics.

Grants Received

- Oklahoma Department of Transportation grant, G. Kosmopoulou (PI) $60,046, 10/21/2013-9/30/2014 (Award # 10531100).
• University of Vermont and State Agriculture College grant, G. Kosmopoulou (PI), Carlos Lamarche, 1/1/2011-1/31/2011, $58,760 (AWARD #105213300).

• National Science Foundation, G. Kosmopoulou (PI), and D. V. Papavassiliou, 5/15/08-4/30/10, $149,904 (AWARD # 0737182).

• National Science Foundation, S. Murphy (PI 08-09) C. Mavriplis (PI 06-08), L. Anderson-Snyder, K. Damphousse, G. Kosmopoulou, and K. Kornelson 10/01/2006-09/30/2009, $500,000 (AWARD # 0620102).


• Oklahoma EPSCoR, supplemental funding to NSF # 0620102, S. Murphy (PI), L. Anderson-Snyder, K. Damphousse, G. Kosmopoulou, K. Kornelson $15,000, 2010-2011.

• University of Oklahoma, funding supplemental to NSF # 0620102, C. Mavriplis PI, co-PIs: S. Murphy, T.J. Murphy, L. Snyder, G. Kosmopoulou, K. Damphousse, $35,000, 2007-2010.

• Oklahoma EPSCoR, supplemental funding to NSF # 0620102, C. Mavriplis (PI), S. Murphy, T.J. Murphy, L. Snyder, G. Kosmopoulou, K. Damphousse, $5,000, 2007-2008.