Managerial Economics II

ECON 5043-301

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.

Dates: May 13-19, 2012
Location: Hangar 2, Room 102, Hickam AFB, Hawaii.
Hours: Sun 8:30 a.m.-4:30 p.m.; M-F 6:00-10:00 p.m.; Sat. 8:30 a.m. - 12:30 p.m.
Last day to enroll or drop without penalty: April 14, 2012

Site Director:
Mary Keller. Assistant: Novelda Sommers. Phone: 808-449-6364 (DSN & Commercial); Fax: 808-422-5509; E-mail: aphickam@ou.edu

Professor Contact Information:
Course Professor: Georgia Kosmopoulou, Ph.D.
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318 Hester Hall
Norman, OK 73019
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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 Follett/AP Bookstore located in the Oklahoma Memorial Union, 900 Asp Ave., Norman, OK. Orders can be placed online at www.oklahomaunion.bkstr.com or by telephone at 866-369-9713 (toll free in the U.S.) or 405-325-5960 (outside the U.S.). E-mail orders may be sent to oklahomaunion@bkstr.com. Representatives are available from 8 a.m. to 6 p.m. CST Monday through Thursday and 8 a.m. to 5 p.m. CST on Friday. Summer hours: 8 a.m. to 4 p.m. CST. Faxed orders may be placed 24 hours a day to 866-223-5607 (toll free in the U.S.) or 405-325-7140 (outside the U.S.).

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;
- 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.

- 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. 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. 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 Honesty

Honesty is a fundamental precept in all academic activities and … [you] have a special obligation to observe the highest standards of honesty. Academic misconduct in any form is inimical to the purposes and functions of the University and is therefore unacceptable and is rigorously proscribed. Academic misconduct includes:

- cheating (using unauthorized materials, information, or study aids in any academic exercise), plagiarism, falsification of records, unauthorized possession of examinations, intimidation, and any and all other actions that may improperly affect the evaluation of a student’s academic performance or achievement; assisting others in any such act; or attempting to engage in such acts.

All acts of academic misconduct will be reported and adjudicated as prescribed by the student code of the University of Oklahoma. All students should review the “Student’s Guide to Academic Integrity” found at http://www.ou.edu/provost/integrity

Accommodation Statement

The College of Continuing Education [Advanced Programs] is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your 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.

Copyright

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 Kosmopoulos

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

Current Positions
Professor, Department of Economics, University of Oklahoma

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
Journal Articles

Book Contributions


Invited Lectures/Seminar Presentations

• 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.
• Tulane University, March 2003.
• Texas Tech University, October 2002.
• Southern Methodist University, February 2002.
• University of Aarhus, Denmark, December 2001.
• Oklahoma State University, November 1999

International & National Conference Presentations

• IIOC, Boston, April 2009 (two papers presented).
• Informs Annual Meetings, Seattle, November 2007.
• 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.
• Informs Annual Meetings San Francisco, November 2005.
• Society for the Advancement of Economic Theory, Vigo, Spain, June 2005.
• International Conference on Public Economic Theory, University of Paris, Sorbonne, France July 2002.
• Western Economic Association Conference, Seattle, Washington, July 2001 (presented by Ph.D. student Dakshina DeSilva).
• Southeastern Economic Theory and International Economics Conference, Florida International University, Miami, Fall 2001
• Society for the Advancement of Economic Theory- VCSAET Ischia Italy, July 2001.
• Western Economic Association Conference, Lake Tahoe, California, Summer 1998.

Representative Honors and Awards Received

• Edith Kinney Gaylord Presidential Professor
• 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.
• Award for academic excellence, University of Piraeus, 1987-1988.

Grants Received

• University of Vermont and State Agriculture College grant, G. Kosmopoulou (PI), Carlos Lamarche (co-PI), 1/1/2011-1/31/2011, $58,760 (AWARD #105213300).
• National Science Foundation, CCLI grant, G. Kosmopoulou (PI), and D. V. Papavassiliou, 5/15/08-4/30/10, $149,904, (AWARD # 0737182).
• National Science Foundation, ADVANCE PAID grant, C. Mavriplis (PI), L. Anderson-Snyder, K. Damphousse, G. Kosmopoulou, S. Murphy and T. Murphy $500,000, 10/01/2006-09/30/2009, (AWARD # 0620102).
• Oklahoma EPSCoR, funding supplemental to NSF # 0620102, C. Mavriplis PI, co-PIs: S. Murphy, T.J. Murphy, L. Snyder, G. Kosmopoulou, K. Damphousse, $5,000, 2007-2008.