

MBA 5110
Economics for Decision Making
Fall 2007
Dr. Perri
Tues. & Thurs., 12:30 - 1:45, Raley 2017

Office: Room 3092, Raley Hall

☎: 262-2251

E-mail: perritj@appstate.edu

Web: www.appstate.edu/~perritj

COURSE DESCRIPTION. We will develop an understanding of how markets work, optimal pricing behavior when a seller has some market power, & strategic behavior in gaining a competitive advantage. We also will consider how individuals & firms deal with imperfect information.

OFFICE HOURS. I am generally available from 8:30 to 10:30 A.M. and noon to 4:00 P.M. Monday & Wed; 8:30 to 10:30 A.M. Tuesday; & 10:00 A.M. to 3:00 P.M. Friday. These are the times when I can usually be found in my office. Students who wish to be sure of finding me in my office can call before coming to see me or can make an appointment. If you wish to contact me and I am not in my office, use e-mail. I will respond to e-mail messages; I will not respond by telephone when messages are left for me.

TEXT. *Managerial Economics*, Ivan Png & Dale Lehman, Blackwell, 3rd edition, 2007.

EXAMS. There are four (essay) exams. Each will be announced at least one week in advance. The 4th exam will be the last day of class (Tuesday, 12/04/07). There is no final exam in this class. Students may come to my office from 3-4 P.M., Thursday, 12/06/07, to discuss their performance on exam 4 (this is during the final exam period for this class).

GRADE. Your grade will be based on your scores on exams 1- 4. Each exam is initially worth 50 points. Total points are determined in the following manner:

- Drop the lowest score of the 1st three exams (exam 4 may not be dropped). Thus, if you miss one of the 1st three exams, that will be the score that is dropped. There are no make up exams for the 1st three exams, & a make up will be given for exam 4 only under extraordinary circumstances.
- Call the remaining three scores X_H , X_M , & X_L for the highest, middle, & lowest of these three scores.
- Total points = $1.5[X_H + X_M] + X_L$. Thus, there are 200 possible points.

The deadline for dropping this course is Thursday, 10/25/07.

COURSE OUTLINE

All readings are in Png & Lehman unless otherwise noted.

Topics:

1. Demand. Read: chaps. 1 & 2.
2. Elasticity. Read: chap. 3 (excluding section 6 [pp. 71-77] & including Math Supplement [p.82]).
3. Supply. Read: chap. 4.
4. Competitive markets. Read: chap. 5.

EXAM I



5. Pricing policy. Read: chap. 9 (excluding Math Supplement [pp. 257-258]).

EXAM II



6. Strategic thinking. Read: chap. 10.

EXAM III



7. Risk and asymmetric information. Read: chap. 12 (excluding section 6 [pp.369-372]), & “Risk & Asymmetric Information” (handout).

EXAM IV

