PMB 514: Managerial Microeconomics

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3. Course Description and Outline

The course covers an intermediate level of managerial microeconomics and aims to provide both an intuitive understanding of microeconomic theory and a firm microeconomic foundation for the analysis of real-life economic phenomena, public policies, and business strategies.

More specifically, the course starts with the theory of consumer demand and analyses utility maximization given consumer preferences and resource constraints. Next, it deals with producer theory, which studies various concepts and characteristics of production functions and production costs. Then, the theories of demand and supply are brought together to analyze competitive markets and to evaluate welfare consequences of market interventions. Furthermore, various forms of market structure such as monopoly and oligopoly are analyzed and discussed especially for their strategic implications. Finally, factors causing market failures such as information asymmetry and externalities are discussed.

4. Course Materials

The main text for the course is Microeconomics (Pindyck and Rubinfeld, 8th ed., P&R). For those who need an introductory textbook Principles of Economics (Mankiw) is recommended.

5. Assignment

Students are asked to write a one-page brief memo on economic issues covered by newspapers. In addition, occasionally short cases are assigned to read and will be discussed in class.

6. Grades

The midterm accounts for 20% of the final grade, economic memo for 25%, class participation and discussion for 20%, and the final exam for 35%.

< Tentative Schedule >

Week	Topics	Readings (P&R)
Week 1	- Introduction - Thinking like an economist	Ch. 1
Week 2	- Consumer behavior	Ch. 2-3
Week 3	- Demand analysis - Individual and market demand	Ch. 3-4
Week 4	- Uncertainty and consumer behavior	Ch. 5
Week 5	- Production theory, economies of scale, and learning-by-doing	Ch. 6-7
Week 6	- Competitive markets - Analysis of markets	Ch. 8-9
Week 7	- Monopoly	Ch. 10
Week 8	- Price discrimination	Ch. 10
Week 9	- Monopolistic competition - Product differentiation	Ch. 11
Week 10	- Midterm exam	
Week 11	- Oligopoly - Collusion, cheating and the prisoners' dilemma	Ch. 12
Week 12	- Game theory	Ch. 13
Week 13	- Information economics - Risk preference	Ch. 17
Week 14	- Externalities - Tradable pollution permits	Ch. 18
Week 15	- Public goods - The tragedy of the commons	Ch. 18
Week 16	- Final exam	