

MGT 514: Managerial Economics

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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, and also discuss major applied topics of business interests in the later part of the course.

First, the theory of consumer demand is built up through the analysis of utility maximization given consumer preferences and resource constraints. Then, producer theory is built up from an analysis of cost and production functions. Both demand and costs are brought together in the theory of competitive markets, and the consequences for economic welfare are evaluated. Finally, various forms of market structure and market failures are also discussed.

4. Course Materials

The main text for the first half of the course is Microeconomics (Pindyck and Rubinfeld, 8th ed., P&R). Principles of Economics (Mankiw) is also used for interesting cases and an exciting understanding of economic reasoning. For those who needs easy and intuitive explanations of various economic phenomena and behavior, 나무 뒤에 숨은 사람 (정갑영 저, 영진출판사) might be very helpful.

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

Two quizzes account 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 - Market and individual 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 (cases)
Week 6	- Competitive markets - Market supply & 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 prisoner's dilemma	Ch. 12 (cases)
Week 12	- Game theory - Industry evolution (the automobile industry)	Ch. 13 (cases)
Week 13	- Information economics - Risk preference	Ch. 17 (cases)
Week 14	- Externalities - Tradable pollution permits	Ch. 18 (cases)
Week 15	- Public goods - The tragedy of the commons	Ch. 18 (cases)
Week 16	- Final exam	