

University of Missouri
Economics 3251: Theory of the Firm
(aka Managerial Economics)
Fall Semester 2018

Meeting Time: TTh 11:00AM-12:15PM

Meeting Place: Neff Hall 204

Course Instructor: Jeff Milyo
Office: 235 Professional Building
Hours: TTh 1:00PM – 3:00PM
Phone: 882 – 3459
Email: milyoj@missouri.edu

Course Overview:

This course provides a rigorous grounding in microeconomic theory with applications to managerial decision making and business strategy. Topics covered include bargaining, consumer theory, the theory of the firm, market power, pricing strategies, insurance markets and the economics of information.

Prerequisites: Math 1400 and Econ 1014 (or equivalent)

Required Text:

Managerial Economics and Business Strategy, Baye and Prince; other required reading assignments may be distributed in class or on the course website.

Course Website:

Course materials including handouts, supplemental readings, homework and any important course announcements will be posted on the Canvas site.

Classroom Decorum:

For the sake of other students, please **refrain from creating negative externalities**. For example, eschew complicated or odiferous snacks; mute all electronic devices; and avoid entering or exiting during class time, except as required by the norms of polite society.

Grading:

Course grades are based on the total points from three in-class exams (33 points each) and the optional case study exercise (26 points) according to the following schedule:

A+ = 97-125	B+ = 87-89	C+ = 77-79	D+ = 67-69
A = 93-96	B = 83-86	C = 73-76	D = 63-66
A- = 90-92	B- = 80-82	C- = 70-72	D- = 60-62
			F = 59 and lower

Exams:

Exams are closed book and usually include several sections in order of ascending difficulty (e.g., definitions\true-false, multiple choice, short answer problems and short essay problems). Students may be required to show a **current student ID with a photo** at each exam. There are no make-up exams; except possibly in the event of a medical or personal emergency (see below).

Case Studies:

You may choose to write up **any or all** of the **13 memo exercises** in the **Time Warner case study** at the end of the book. Assemble your **well-written** memo responses in a single **well-organized** packet. Each memo response should stand on its own and include a **clear and concise statement that directly answers** the question posed in the memo, followed by your **supporting argument and evidence**. Memo responses are scored as follows: 1 point for well-written and presented responses; and 1 point for the quality of economic analysis.

You may use **any and all resources** to answer the case study memos, including working in groups or enlisting outside experts or source material; **however, you may not ask the instructor or TAs of this class for help of any sort**. The **hard copy** of your case study packet is due in the instructor's mail box or office by **close of business (5:00PM) on Thursday, December 13th**, with absolutely no exceptions (i.e., turn it in earlier).

Homework:

Optional and ungraded homework problems will be assigned in weeks without an exam; we will go over homework answers in class, as needed. Homework is intended to be **open-book\open-note** and you are encouraged to **work with other students**. You may also consult outside sources; however, it is not expected that you should need to do so.

Course Communications:

Students are encouraged to ask questions in class. In addition, students may also use office hours or scheduled appointments to meet with the instructor or the teaching assistants. *However, email and text messaging are not appropriate modes for asking questions about course material* as such questions often require lengthy responses.

Economics 3251 – Fall 2018: Class Schedule

Week	Days	Topic	Chapters
Week 1	8/21 to 8/23	Discounting and Bargaining	Chapter 1
Week 2	8/28 to 8/30	Review of Markets Analysis	Chapter 2
Week 3	9/4 to 9/6	Quantitative Demand Analysis	Chapter 3
Week 4	9/11 to 9/13	Theory of Consumer Behavior	Chapter 4
Week 5	9/18 to 9/20	Review for Exam FIRST EXAM on THURSDAY 9/20	
Week 6	9/25 to 9/27	Production and Costs	Chapter 5
Week 7	10/2 to 10/4	Organization of the Firm and Industry Structure	Chapters 6-7
Week 8	10/9 to 10/11	Competition and Market Power	Chapter 8
Week 9	10/16 to 10/18	Oligopoly	Chapter 9
Week 10	10/23 to 10/25	Review for Exam SECOND EXAM on THURSDAY 10/25	
Week 11	10/30 & 11/1	Game Theory	Chapter 10
Week 12	11/6 to 11/8	Pricing Strategies	Chapter 11
Week 13	11/13 to 11/15	Economics of Information	Chapter 12
Week 14	11/20 to 11/22	NO CLASS (Thanksgiving Break)	
Week 15	11/27 to 11/29	Advanced Topics in Business Strategy Government in the Marketplace	Chapters 13-14
Week 16	12/4 to 12/6	Review for Exam THIRD EXAM on THURSDAY 12/6	
Finals Week		<i>Optional Case Study Packets Due 5:00PM on Thursday 12/13</i>	

Academic Dishonesty:

Academic integrity is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards breaches of the academic integrity rules as extremely serious matters. Sanctions for such a breach may include academic sanctions from the instructor, including failing the course for any violation, to disciplinary sanctions ranging from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, collaboration, or any other form of cheating, consult the course instructor.

Examples of cheating that are relevant for this class include using, attempting to use or open possession of a calculator, smart phone or any other electronic device; working on exams before or after the allotted time; discussing, photographing or otherwise communicating about the exam during the exam period; viewing or attempting to view notes or the exam of another student during the exam period; permitting another student to view or attempt to view notes or an exam during the exam period; and seeking an adjustment to an exam score after altering the completed exam. **In cases where the instructor has any reason to believe that a student has cheated on an exam, the student will receive zero points on the exam, as well as an "F" for the course.**

Emergency Related Issues:

In case of an emergency that affects your attendance on the day of an exam (e.g., military call-ups, severe and contagious illness, or a death in the immediate family), you will be excused from the exam **if and only if** you provide me with your justification via e-mail and submit proper documentation in a timely manner (e.g. military order in advance, doctor's note or published obituary after-the-fact).

American with Disabilities Act:

If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately. To request an accommodation, students must also register with the [Office of Disability Services](#) (882-4696). For other resources for students with disabilities, see "Disability Resources" on the MU homepage.

Intellectual Pluralism:

The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair or Divisional leader or Director of the [Office of Students Rights and Responsibilities](http://osrr.missouri.edu/) (<http://osrr.missouri.edu/>). All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.