Syllabus for Economics – Decision Making (EC 600)

Prof. Christopher Ball

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Class Schedule: Thursday 06:30PM - 09:10PM, Lender School of Business, Room 123

Office Hours: Thursdays 5:00 – 6:00 pm and by appointment.

Overview

Economics is an engine for analysis. It is a conceptual approach to analyzing issues of human interaction, most of which take place in what is traditionally called the "economic sphere" although economists analyze everything from global trade to marriage. The economic approach relies on a few basic principles which we will cover in depth and apply to real world issues of interest to business practitioners.

We will cover a range of topics. We will start by focusing on what might be termed traditional microeconomics. We start with supply and demand, the heart of most of our analysis and, in many ways, the single most important thing you'll learn in EC 600 this semester. From there we'll move into elasticity and market structures. Next we'll shift gears and discuss decision making and risk. We'll move from there into sequential game theory and the role of information. Finally, we'll cover strategic game theory.

School of Business Mission Statement

The School of Business provides the foundation for lifelong learning to meet the business and leadership challenges of today and tomorrow.

Learning Objectives

By the end of this course you should

- Understand and be able to apply basic supply and demand analysis to a range of business decision scenarios
- Understand elasticity and its relevance to business decision making
- Understand the role of information and asymmetric information
- Understand and apply basic game theoretic insights to decision making

Textbook

The textbook is W. Bruce Allen, Keith Weigelt, Neil Doherty and Edwin Mansfield, *Managerial Economics: Theory, Applications, and Cases*, 7th Edition, 2009.

Grading Scheme

Homework	10%
Exam 1 (March 1st) Traditional Microeconomics	25%
Exam 2 (April 5th) Decision Theory and Game Theory	25%
Industry Study (May 3rd)	15%
Exam 3 (Final Exam Date) Game Theory	25%

Each week I'll give you a few homework problems to work on. They might be ones I make up or they might be ones from the end of the chapter we just covered. My grading scheme is a zero if you didn't do it or turn in "bs" to me (trust me, I can easily tell) and a "1" if you honestly did it. I don't grade right or wrong for homework. I want you to try the problems and be working on them to enhance your knowledge of the material and help you keep up with the course. We'll often start class by discussing some of the homework problems people struggled with each week. It's my experience that this system encourages everyone to try the homework problems each week, but minimizes everyone's stress about grades and usually leaves people (about 80-90% of the class) with a 100% for their homework grade.

Microeconomic Article Analysis and Industry Study

(Everything must be 12 pt. Times New Roman font and double spaced with your name and industry at the top of each assignment you submit.)

Month 1 (due by March 2nd)

1. Choose industry[1] & write a 1 page introduction of industry (10% of Industry Study Grade)
2. Submit 1 article with BASIC analysis (10% of Industry Study Grade)

Month 2 (due by March 30th)

3. Submit 1 article with analysis + paragraph summary (20% of Industry Study Grade)

Month 3 (due by May 3rd)

4. Submit 1 article with written analysis only (2-3 paragraphs on 1 page) (30% of Industry Study Grade)
5. Submit 2 page report on current and possible future trends in your industry. (30% of Industry Study Grade)

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[1] You must find and choose an industry before the 2nd class or lose 10% on you report grade. Each person chooses a different industry and it is first come, first service. So, find your industry and email me fast.

Assignment/Month #1: Industry Introduction and First Article Analysis

Go to the library's standard and poor's net advantage[2] and select an industry from the S&P Publication Search's "Industry Surveys" drop down menu (found on the right hand side of the screen).
*** Your industry selection must be done and accepted by me before the 2nd class.

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After selecting your industry, read a bit about it and write a short (1 page max) introduction to the industry. This should contain the key details about the industry.

The article analysis consists of you finding an article related to your industry and finding 3-5 points to analyze in an article. You should then state clearly what factor(s) is(are) being affected, then draw and analyze your supply and demand diagram as appropriate, including writing your "answer" out to the side.

Assignment/Month #2: BASIC Article Analysis + Paragraph Summary

As you did with your first article, find a new article, then find 3-5 points to analyze in an article. You should then state clearly what factor(s) is(are) being affected, then draw and analyze your supply and demand diagram as appropriate, including writing your "answer" out to the side.

When you are finished analyzing each point, look through them all and write a very short paragraph (4-6 sentences) explaining what you found to be the major trends and where you think this market is going and why (i.e., prices will continue to rise, prices will fall, if X from the article develops then prices will …, and so on).

Assignment/Month #3: Written Analysis & Final Report

For the article analysis, do the same as you did in Assignment #2, but I don't want to see your drawn out supply and demand diagrams. Hence, you now need to write a paragraph or two explaining and analyzing each point and then write a paragraph summarizing your results along the lines of the paragraph you wrote in assignment #2. This should all fit on 1 page.

In the 2 page report you take the articles you analyzed. Now combine all this information to produce a short report arguing where you see this industry or business going in the coming months. Your reasoning should be clear and based on your economic analysis.

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[2] Go to MyQ, open Arnold Bernhard Library, then databases, then Business & Economics, then scroll down to find standard and poor's net advantage.