

The University of Oklahoma

College of Continuing Education

Advanced Programs – Course Syllabus

Course Title:

Managerial Economics II

Course Number:

ECON 5043-106

Course Description:

The course emphasizes practical applications of economic theory and techniques to business problems. The major topics to be covered include strategic behavior in the oligopoly markets, managerial incentives, risk and uncertainty, signaling and screening, auction and government relations to business. Real world examples and cases will be utilized to demonstrate the theoretical models developed in class.

Class Dates, Location and Hours:

Dates: July 7 – 9 & 14 – 16, 2017

Location: OCCE, Norman, Oklahoma. Classes are held at the Thurman White Forum Building of OCCE, 1704 Asp Avenue.

Hours: Fri 5:30-9:30 p.m.; Sat 8:30 a.m.-4:30 p.m.; Sun 1:00-5:00 p.m.

Last day to enroll or drop without penalty: June 8, 2017

Site Director:

Email: apnorman@ou.edu. Phone: 405-325-3333.

Professor Contact Information:

Course Professor: Qihong Liu

Mailing Address: Department of Economics
University of Oklahoma
Norman, OK 73019

Telephone Number: (405) 325-5846

Fax Number: (405) 325-5842

E-mail Address: qliu@ou.edu

Professor availability: The professor will be available via e-mail to students before and after the class sessions. On-site office hours are half an hour before and after each class session, and by appointment.

Textbook(s) and Instructional Materials:

Student materials are available at the OU Follett Bookstore located at 1185 Asp Avenue; Norman, OK, and can be ordered online, by phone, by email, or by fax. Ordering online at <http://www.bkstr.com/oklahomastore/home> is strongly recommended – students can track the status of their order within 48 hours. If an order has not been shipped within three days, students can contact the Follett textbook manager by phone (405) 325-3511, (800) 522-0772 (toll-free) or email 0831mgr@fhcg.follett.com. Phone orders (ask for the textbook manager and identify yourself as an Advanced Programs student) can be placed 8 a.m. to 6 p.m. Monday through Thursday; 8 a.m. to 5 p.m. on Friday; 10 a.m. to 4p.m. on Saturday (CST). Summer hours: 9 a.m. to 5 p.m. Monday through Friday (CST). Fax orders can be placed 24 hours a day at (405) 325-7770. Text prices are available online.

1. Baye, M. & Prince, J. (2013). *Managerial economics and business strategy* (8th ed.). New York: McGraw Hill Education. ISBN 9780073523224. Please e-mail the instructor if you intend to use alternative textbooks.

2. I will use **Canvas** in conjunction with e-mails, to distribute various course materials. Please verify that you can log on to Canvas and access course information before semester starts. Access Canvas at <https://canvas.ou.edu/> ; enter your OU NetID and password, and select course to access material. Please contact your local Site Director if you require assistance.

Note: Follett is the Advanced Programs contractual textbook provider. Should text changes become necessary after publication of the course syllabus, Advanced Programs will facilitate text returns/refunds only for texts purchased through Follett.

Course Objectives:

This course will equip students with quantitative techniques for decision making and solving business problems. In particular, we will rely on optimization rules and techniques to solve business problems using game theoretic as well as empirical approach. The goal is to demonstrate how managers can apply the microeconomic concepts and models to real world problems.

Course Outline:

- Ch. 9. Basic Oligopoly Models: Strategic interaction; Sweezy, Cournot, Stackelberg and Bertrand Oligopoly; Contestable markets.
- Ch. 10. Game Theory: Inside Oligopoly: Basic concepts of game theory; Simultaneous one-shot games; Repeated games; Multistage games.
- Ch. 11. Pricing Strategies for Firms with Market Power: Basic vs. more advanced pricing strategies
- Ch. 12. The Economics of Information: Basic concepts; Risk and uncertainty; Information asymmetry; Auction.
- Ch. 13. Advanced Topics in Business Strategy: Limit pricing; Predation; Raising rival's costs; Price discrimination; Leader vs. follower; Penetration pricing;

Assignments, Grading and Due Dates:

Pre-class Readings:

Students are required to read Ch. 1, 7 and 8 before class starts. We will start with Chapter 9 in class.

Homework

The student will need to work through most of the problems from each assigned chapter.

You need to submit a subset of these problems which we will also discuss in class. The exact problems and due dates will be announced at the beginning of the first class.

The homework you submit together with the class discussion will determine **20%** of your final grade.

Exam

The midterm and final exam will be worth **35% and 45%** of the final grade respectively.

Grading:

This is a letter-graded course: A, B, C, D, or F.

Notice: Failure to meet assignment due dates could result in a grade of I (Incomplete) and may adversely impact Tuition Assistance and/or Financial Aid.

POLICIES AND NOTICES

Attendance/Grade Policy

Attendance and participation in interaction, individual assignments, group exercises, simulations, role playing, etc. are valuable aspects of any course because much of the learning comes from discussions in class with other students. It is expected that you attend all classes and be on time except for excused emergencies.

Excused absences are given for professor mandated activities or legally required activities such as emergencies or military assignments. It is the policy of the University to excuse absences of students that result from religious observances and to provide without penalty for the rescheduling of examinations and additional required class work that may fall on religious holidays. Unavoidable personal emergencies, including (but not limited to) serious illness; delays in getting to class because of accidents, etc.; deaths and funerals, and hazardous road conditions will be excused.

If you are obtaining financial assistance (TA, STAP, FA, VA, Scholarship, etc.) to pay all or part of your tuition cost, you must follow your funding agency/institution's policy regarding "I" (Incomplete) grades unless the timeline is longer than what the University policy allows then you must adhere to the University policy. Students who receive Financial Aid must resolve/complete any "I" (Incomplete) grades by the end of the term or he/she may be placed on "financial aid probation." If the "I" grade is not resolved/completed by the end of the following term, the student's Financial Aid may be suspended making the student ineligible for further Financial Aid.

Students are responsible for meeting the guidelines of Tuition Assistance and Veterans Assistance. See the education counselor at your local education center for a complete description of your TA or VA requirements.

Academic Integrity and Student Conduct

Academic integrity means honesty and responsibility in scholarship. Academic assignments exist to help students learn; grades exist to show how fully this goal is attained. Therefore all work and all grades should result from the student's own understanding and effort.

Academic misconduct is any act which improperly affects the evaluation of a student's academic performance or achievement. Misconduct occurs when the student either knows or reasonably should know that the act constitutes misconduct. Academic misconduct includes: cheating and using unauthorized materials on examinations and other assignments; improper collaboration, submitting the same assignment for different classes (self-plagiarism); fabrication, forgery, alteration of documents, lying, etc...in order to obtain an academic advantage; assisting others in academic misconduct; attempting to commit academic misconduct; destruction of property, hacking, etc...; intimidation and interference with integrity process; and plagiarism. All students should review the Student's Guide to Academic Integrity at http://integrity.ou.edu/students_guide.html

Students and faculty each have responsibility for maintaining an appropriate learning environment. All students should review policies regarding student conduct at <http://studentconduct.ou.edu/>

Accommodation Statement

The University of Oklahoma is committed to making its activities as accessible as possible. For accommodations on the basis of disability, please contact your local OU Site Director.

Adjustment for Pregnancy/Childbirth-Related Issues

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. Please see <http://www.ou.edu/content/eoo/faqs/pregnancy-faqs.html>.

Title IX Resources

For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24/7, counseling services, mutual no-contact orders, scheduling adjustments, and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office at smo@ou.edu or (405) 325-2215 (8-5), or the Sexual Assault Response Team at (405) 615 -0013 (24/7) to report an incident. To learn more about Title IX, please visit the Institutional Equity Office's website at <http://www.ou.edu/content/eoo.html>

Course Policies

Advanced Programs policy is to order books in paperback if available. Courses, dates, and professors are subject to change. Please check with your OU Site Director. Students should retain a copy of any assignments that are mailed to the professor for the course. Advanced Programs does not provide duplicating services or office supplies.

Any and all course materials, syllabus, lessons, lectures, etc. are the property of professor teaching the course and the Board of Regents of the University of Oklahoma and are protected under applicable copyright.

For more information about Advanced Programs, visit our website at: <http://www.goou.ou.edu/>

INSTRUCTOR VITA

Qihong Liu, Ph.D.

Education

- 2003 Ph.D. Economics, State University of New York at Stony Brook
- 2000 M.A. Economics, State University of New York at Stony Brook
- 1997 M.S. Management, China University of Mining and Technology, Beijing, China
- 1994 B.S. Management, Anhui University of Technology and Science, Wuhu, China

Current Positions

- Associate Professor (with tenure), Department of Economics, University of Oklahoma, 2013 – Present
- Associate Editor, *Information Economics and Policy*, 2017 – Present
- Board of Directors, Chinese Economists Society, 2016-2017.

Frequently Taught Advanced Programs Courses

Managerial Economics II

Major Areas of Teaching and Research Interest

- Managerial Economics I and II
- Microeconomic Analysis
- Strategy
- Government Relations to Business

Representative Publications and Presentations

Journal Articles

- "Optimal product differentiation in a circular model" (with Qiang Gong and Yi Zhang), *Journal of Economics* 119(3), 219-252 (2016).
- "Price discrimination with varying qualities of information," (with Jie Shuai), *B.E. Journal of Economic Analysis and Policy (Topics)* 16(2), 1093-1121 (2016).
- "Customer poaching and coupon trading," (with Georgia Kosmopoulou and Jie Shuai), *Journal of Economics* 118(3), 219-238 (2016).
- "Market structure, competition intensity and market foreclosure," *Economics Bulletin* 36(1), 337-348 (2016).
- "Reverse pricing and revenue sharing in a vertical market" (with Jie Shuai), *Managerial and Decision Economics* 36(5), 299-313 (2015).
- "Private and Social Incentives for Vertical Contract Disclosure" (with X. Henry Wang), *Managerial and Decision Economics* 35(8), 567-573 (2014).
- "Is the Effect of Competition on Price Dispersion Non-Monotonic? Evidence from the U.S. Airline Industry" (with Mian Dai and Konstantinos Serfes), *Review of Economics and Statistics* 96(1), 161-170 (2014).
- "Price discrimination in two-sided markets" (with Konstantinos Serfes), *Journal of Economics & Management Strategy*, v22, n4, 768-786 (2013).
- "Multi-Dimensional Price Discrimination" (with Jie Shuai), *International Journal of Industrial Organization* 31, 417-428 (2013).
- "Tacit Collusion with Low-Price Guarantees," *Manchester School* 81(5), 828-854 (2013).
- "Where Do New Economics Ph.D.S Go? Evidence from Recent Initial Job Placements" (with Sherrilyn Billger and Susan Chen), *Journal of Labor Research* 34(2), 312-338 (2013).
- "Information Markets, Product Markets, and Vertical Merger" (with Susan Chen), *Journal of Economics and Finance*, v37, 33-61 (2013).
- "The Effect of Most-Favored Customer Clauses on Prices," (with Susan Chen), *Journal of Industrial Economics*, v59, 343-371 (lead article), 2011.

- "Loyalty Rewards Facilitate Tacit Collusion" (with Yuk-fai Fong), *Journal of Economics & Management Strategy*, v20, 739-775 (2011).
- Featured in "Membership Has Its Punishments," *Kellogg Insight* January 2010, and reprinted in *Morningstar*, January 4, 2010.
- "Consumer sorting of vertically differentiated goods," (with Peyton Ferrier), *Economics Letters*, v109, 11-13 (2010).
- "Third-degree price discrimination," (with Konstantinos Serfes), *Journal of Industrial Organization Education* Vol. 5: Iss. 1, Article 5 (2010).
- "Pricing-to-market: Price discrimination or product differentiation?" (with Nathalie Lavoie), *American Journal of Agricultural Economics*, v89, 571-581 (2007).
- "Product customization," (with Dan Bernhardt and Konstantinos Serfes), *European Economic Review*, v51, 1396-1422 (2007).
- "Market segmentation and collusive behavior," (with Konstantinos Serfes), *International Journal of Industrial Organization*, v25, 355-378 (2007).
- "Customer information sharing among rival firms" (with Konstantinos Serfes), *European Economic Review*, v50, 1571-1600 (2006).
- "Imperfect price discrimination, market structure and efficiency" (with Konstantinos Serfes), *Canadian Journal of Economics*, v38, 1191-1203 (2005).

Invited Seminar Presentations

- 2016: University of Nebraska Omaha
- 2016: HeFei University of Technology, China
- 2014: Southwestern University of Finance and Economics, China
- 2014 HeFei University of Technology, Hefei, China
- 2013: Indiana University-Purdue University Indianapolis, Indianapolis
- 2011: Drexel University
- 2011 University of Missouri
- 2009: Texas Tech University
- 2008: University of Oklahoma
- 2008 University of South Carolina
- 2007 University of North Dakota

National & International Conference Presentations

- 2016: Southern Economic Association Meeting, Washington DC
- 2016: China Meeting of the Econometric Society, Chengdu, China
- 2015: WEAI Annual Conference, Honolulu
- 2015 International Industrial Organization Conference, Boston
- 2014: International Industrial Organization Conference, Chicago
- 2014 Industrial Organization and Public Policy Biennial Conference, Chengdu, China
- 2014 Western Economic Association International Conference, Denver
- 2014 Southern Economic Association Meeting, Atlanta
- 2013: Industrial Organization Theory Workshop, Jinan, China
- 2013 International Industrial Organization Conference, Boston
- 2012: Southern Economic Association Meeting, New Orleans
- 2012 Midwest Economic Theory Meeting, Indiana University
- 2012 International Industrial Organization Conference, George Mason University
- 2011: International Economic Association World Congress, Beijing, China
- 2011 International Industrial Organization Conference, Boston
- 2010: International Industrial Organization Conference, Vancouver
- 2010 Southern Economic Association Meeting
- 2009: International Industrial Organization Conference, Boston
- 2008: Southern Economic Association Meeting, Washington DC
- 2008 Midwest Mathematical Economics and Theory Meeting, Ohio State University
- 2008 International Industrial Organization Conference, Washington DC

- 2008 NET Institute Conference, New York University
- 2007: Southern Economic Association Meeting, New Orleans
- 2007 Far Eastern Meeting of the Econometric Society, Taipei
- 2007 Chinese Economists Society Meeting, Changsha, China
- 2006: Southern Economic Association Meeting, Charleston
- 2006 Far Eastern Meeting of the Econometric Society, Tsinghua University, Beijing, China
- 2006 Chinese Economists Society Meeting, Shanghai, China
- 2006 International Industrial Organization Conference, Northeastern University
- 2006 Spring Midwest Economic Theory Meeting, Michigan State University

Representative Honors and Awards Received

- Summer grant, Networks, Electronic Commerce, and Telecommunications (NET) Institute, New York University, 2007 (with Konstantinos Serfes, equal share).
- Outstanding Reviewer, International Journal of Industrial Organization, 2015.
- Excellence in Reviewing Award, International Journal of Industrial Organization, 2013.
- College of Arts & Sciences Junior Faculty Research Fellowship, Summer 2006, 2008.
- Faculty Enrichment Grant, University of Oklahoma, Fall 2007, Fall 2008.
- College of Arts & Sciences Classroom IT Grant, University of Oklahoma (with Gary Hoover), Spring 2015.
- College of Arts & Sciences IT Grant Award, University of Oklahoma (with Alexander Holmes), Fall 2008.
- Presidential International Travel Fellowship, Summer 2007, Summer 2011.
- Research Council Funds - Small Grant, Spring 2008.