

Course: MBA 705, Economic Analysis

Professor: Ben L. Kyer, Ph.D.

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Text: Managerial Economics, 11th ed., Christopher R. Thomas and S. Charles Maurice

Exams: There will be two “take home” exams during the semester and a final exam. The final will be comprehensive and given on campus on Saturday, December 3, 2016 at 8 a.m.

Course grade: Determined by exam performance.

Objectives: MBA 705 is designed to provide an appropriate, MBA-level course in economic analysis for managers. The course material is comprised of ten lectures with supportive readings, divided into three broad sections. Section I provides an introduction to managerial economics with emphases on demand and supply, consumer and producer surplus, market equilibrium, disequilibrium and adjustment, price ceilings and price floors, and the elasticities of demand. Section II focuses on the short-run and long-run theories of production and cost and the economics of perfect competition. Section III concludes the course with examinations of monopoly, monopolistic competition, price discrimination, profit maximization with input usage, or the marginal productivity theory of resource employment and income distribution, and the foreign exchange market.

Pedagogy: MBA 705 will be delivered online with “voice over Power Point” lectures on Blackboard. Students are expected to listen to the lectures and read the assigned chapters in the Thomas and Maurice text. The problems selected at the end of each chapter are optional (not for grade) and will provide a preview of some exam questions. Unless I notify you otherwise, I will be online via Blackboard Collaborate each Wednesday evening during the semester for at least one hour beginning at six o'clock. These sessions will be recorded and available for the remainder of the semester. Students may of course contact me by e-mail at other times.

LECTURES AND READINGS

I. The Market Mechanism and the Elasticities of Demand

A. Lecture 1, An Introduction

1. Thomas and Maurice, Chapter 1

B. Lecture 2, The Market Mechanism

1. Thomas and Maurice, Chapter 2
2. Milton Friedman, Free To Choose, Introduction and Chapter 1

C. Lecture 3, The Elasticities of Demand

1. Thomas and Maurice, Chapter 6
2. Alfred Marshall, Principles of Economics, Book III, Chapter IV

II. Production, Cost and Perfect Competition

A. Lecture 4, The Short-Run Theory of Production and Cost

1. Thomas and Maurice, Chapter 8
2. Alfred Marshall, Principles of Economics, Book V, Chapter V

B. Lecture 5, The Long-Run Theory of Production and Cost

1. Thomas and Maurice, Chapter 9
2. Adam Smith, An Inquiry Into The Nature and Causes of The Wealth of Nations, Book I, Chapter I

C. Lecture 6, Managerial Decisions With Perfect Competition

1. Thomas and Maurice, Chapter 11, pages 392 – 422.
2. Joan Robinson, “What is Perfect Competition”, Quarterly Journal of Economics, November 1934.

III. Imperfect Competition and Other Stuff

- A. Lecture 7, Managerial Decisions With Imperfect Competition
 - 1. Thomas and Maurice, Chapter 12 and
 - 2. Thomas and Maurice, Chapter 16, pages 656 – 673.
 - 3. Milton Friedman, Capitalism and Freedom, Chapter 8

- B. Lecture 8, Price Discrimination
 - 1. Thomas and Maurice, Chapter 14

- C. Lecture 9, Profit Maximization with Labor and Capital
 - 1. Thomas and Maurice, Chapter 11, pages 423 – end
 - 2. Adam Smith, An Inquiry Into The Nature and Causes of The Wealth of Nations, Book I, Chapter X, Part I.

- D. Lecture 10, International Monetary Economics
 - 1. Milton Friedman, “The Case for Flexible Exchange Rates”, in Essays in Positive Economics

Tentative Schedule

August 27: On campus

August 31: Lecture 1

September 7: Lecture 2

September 14: Lecture 2 continued

September 21: Lecture 3

Exam 1 (take home) posted on Blackboard

September 28: Lecture 4

Exam 1 due not later than seven p.m.

October 5: Lecture 4 continued

October 12: Lecture 5

October 19: Lecture 5 continued

October 26: Lecture 6

November 2: Lecture 6 continued

Exam 2 (take home) posted on Blackboard

November 9: Lecture 7

Exam 2 due not later than seven p.m.

November 16: Lecture 8

November 23: Lecture 9

November 30: Lecture 10

December 3: Final Exam, comprehensive and on campus at eight a.m.

