

RUTGERS UNIVERSITY

School of Environmental & Biological Sciences, SEBS

Department of Agricultural Food and Resource Economics, DAFRE

Majid Sani

Demand & Price Analysis

11:373:422:01

Spring

Course Outline

Important: Read this syllabus thoroughly and carefully. You are responsible for all the material in it.

Course Description:

The business environment which will carry us into the 21st century is driven by global competition, quality products, technological change, and the flexibility of organizations. In our rapidly changing world the diverse fields of decision making have much to offer in preparing tomorrow's managers.

Learning Goals:

In this class you will learn:

- Basic economic concepts such Demand and supply analysis.
- The concept of elasticity to understand pricing policy and market
- The consumer behavior with respect to rational choices
- The behavior of firms in alternative market structures such as perfect competition, monopoly, monopolistic competition and oligopoly.
- The basic of game theory to understand how firms and individuals interact between each other.
- Auction and Risk analysis.

Prerequisites:

(01:640:135 or 11:373:211) and (01:960:211) OR (01:640:135 or 11:373:211) and (01:960:285)

OR (01:640:135 or 11:373:211) and (11:373:215)

Textbook:

The following should be available at the Bookstores:

Managerial Economics: Theory, Applications, and Cases

W. Bruce Allen, Neil Doherty, Edwin Mansfield, ET AL.

Eight Edition

WW. Norton & Company, Inc.

The text is written in a conversational language. It is easy to read, yet maintains a high level of rigor and analytic.

The Study Guide is designed to emphasize the main points of the readings and to provide problems to help reinforce the lessons. It is **STRONGLY** recommended that you use the Study Guide.

Not all the material in the lectures appears in the texts, nor is all the material in the texts covered in the lectures. You are responsible for the material in the texts and in the lectures. I make every effort to have class attendance a necessary (though not sufficient) factor in performing well on examinations.

Lecture Topics:

The following is a list of lecture topics. On some I will go into great detail, others I will but mention in passing.

I will follow the order below:

Part I: The Need for a Guide

Chapter 1 Introduction

Part II: The Nature of Markets

Chapter 2 Demand Theory

Chapter 3 Consumer Behavior and Rational Choice

Part III: Production and Cost

Chapter 5 Production Theory

Chapter 6 The Analysis of Costs

First Exam:

Part IV: Market Structure

Chapter 7 Perfect Competition

Chapter 8 Monopoly and Monopolistic Competition

Part V: Sophisticated Market Pricing

Chapter 9 The Managerial Use of Price Discrimination

Chapter 10 Bundling and Intra-firm Pricing

Chapter 11 Oligopoly

Second Exam:

Part VI: The Strategic World of Managers

Chapter 12 Game Theory

Chapter 13 Auctions

Part VII: The Asymmetry of Managerial Life

Chapter 14 Risk Analysis

Chapter 15 Principle-Agent Issues and Managerial Compensation

Chapter 16 Adverse Selection

As time permits:

Chapter 17 Government-Business Relations and the Global Market

Final Exam: TBA (Regular classroom)

Exams are not cumulative, but they are related to each other.

Examinations:

There are three exams: Two Midterms and one final. Exams will consist of multiple choice questions. Grading will be based on the university standard grading system.

Grades will be based on three examinations according to the following distribution:

First Exam	33%
Second Exam	33%
Final Exam	34%

Grades will be posted on “Sakai Gradebook: <https://sakai.rutgers.edu/portal>” a week after the test.

For the course information, announcements, and practice test questions please visit Sakai:
sakai.rutgers.edu

There will be **NO** opportunity to **MAKE UP** an exam. If you miss an exam, you will receive a grade zero for that exam. There are **NO** extra-credit assignments. Plan to do well on the required material.

If a need warrants to curve the grades, it will be considered on the overall grades.

Grades **will not be** given by the e-mails. No exceptions.

For all the course information and documents please visit the “sakai”

Problems to work on:

The text contains a very good set of problems. You should work out all of them. These problems are a guide for your learning and you will be held responsible for understanding their content. The problems I consider most important are contained in the attachment list. This does not mean that you should not work through the other problems, only that I think these will be of the greatest value at the margin. I strongly suggest that you do all the problems in the Study Guide in the relevant chapters. I also strongly suggest that you do not look at the answers until you have spent several days working out a problem. If you "cheat" the exercise will prove of no value to you.

Attendance and Participation:

Regular class attendance is expected and class participation will be encouraged. Students will be responsible for all work missed during an absence, no matter what the reason for the absence. Consistent class attendance and worthwhile class participation will be viewed favorably in assigning grades for "borderline" cases.

Only pencils (**No 2**), pens, erasers, pencil sharpeners, and a calculator (you must have and use your own calculator) should be on your desk. You are best off not bringing anything else to the exam. If you do, put it in a bag under your seat.

A note about the calculator: You are allowed to use just a regular calculator. You are **NOT** permitted to use either cell phone calculator or any calculator on an electronic/digital device with wireless messaging function.

I would like to remind everyone that violations of the university code of academic integrity, including plagiarism and cheating, will not be tolerated by the department or the university. Such violations are harmful to everyone and only serve to poison the atmosphere of openness and mutual trust on which an academic department depends. If there any questions regarding the integrity code, please refer to the graduate school pamphlet dealing specifically with these matters. For more details please visit the following:

The policy statement on student conduct:

http://catalogs.rutgers.edu/generated/nb-ug_current/pg21725.html

For academic integrity policy:

http://catalogs.rutgers.edu/generated/nb-ug_current/pg21724.html

Office Hours:

Monday 10:45-1:45:00 PM
Thursday 10:30-11:30 AM (by appointment)

Cook Office Building. Room 116
55 Dudley Road, New Brunswick, NJ 08901-8520

You can reach me either by e-mail: sani@econ.rutgers.edu (Weekend e-mails will be answered on Monday)

I suggest you that for the latest changes and announcements, once a week, or especially the week before the examinations visit the Sakai.

Note:

Should I be forced to miss a class, I will make every effort to provide prior notice. In the absence of such notice, please wait 20 minutes past the hour.

P.S. Note that I reserve the right to alter the contents of this syllabus during the semester.

No makeup exam □ No grades by email □ For all information please visit the “Sakai”

Problem set assignments:

Chapter 1	#s 3, 4, 5, 7
Chapter 2	#s 1, 2, 3, 5, 7, 9
Chapter 3	#s 1, 2, 4, 7, 8, 10
Chapter 5	#s 1, 2, 3, 5, 7
Chapter 6	#s 1, 3, 4, 6, 7(parts a and b), 9
Chapter 7	#s 1, 2, 4, 6
Chapter 8	#s 1, 3, 4
Chapter 9	#s 1, 2, 3
Chapter 10	#s TBA
Chapter 11	#s 1, 2, 4
Chapter 12	#s 1, 2, 4
Chapter 13	#s TBA
Chapter 14	#s 1, 3, 4
Chapter 15	#s TBA
Chapter 16	#s TBA
Chapter 17	#s TBA