

Course Schedule and Syllabus

Unit I: SUPPLY AND DEMAND

Wednesday, August 31

Lecture 1: Introduction

- Readings:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 1 (either 5 or 6 is fine)
 2. “Herd Them Together and Scalp Them,” Wall Street Journal.

MONDAY, SEPTEMBER 5: LABOR DAY, NO CLASSES *SEE MAKE UP DATE

Wednesday, September 7

Lecture 2: Supply and Demand Introduced

- Readings:
 1. Pindyck and Rubinfeld, Microeconomics, Chapters 2, 4.3-4.6.
 2. “Firms Start to Raise Prices, Stirring Fear in Inflation Fighters,” Wall Street Journal, May 16, 2000.

****Friday, September 9 (make up class)***

Lecture 3: Using Elasticity and Understand Market Outcomes

- Reading:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 9.

Monday, September 12

Lecture 4: Welfare effects of taxes, with an application to telecommunications

- Reading:
 1. Hausman, “Efficiency Effects on the U.S. Economy from Wireless Taxation,” National Tax Journal, 2000

Wednesday, September 14

Lecture 5: Quotas and other government interventions, with an application to international trade

- Reading:
 1. Coughlin, et al., “Protectionist Trade Policies: A Survey of Theory, Evidence and Rationale,” Federal Reserve Bank, January/February, 1998.

Unit II: UTILITY ANALYSIS

Monday, September 19

Lecture 6: Utility Analysis

- Readings:
 1. Pindyck and Rubinfeld, Microeconomics, Chapters 3, 4.1, 4.2
 2. Miller, et al, The Economics of Public Issues, Chapter 17

3. Abraham, et al, "Working to Improve the Consumer Price Index," Journal of Economic Perspectives, Winter 1998.

Wednesday, September 21

Lecture 7: Case

- Reading:
 1. Cardiothoracic Systems Case (HBS)

Unit III:

PRODUCTION AND COST

Monday, September 26, Wednesday, September 28

Lectures 8, 9: Production

- Readings:
 1. Pindyck and Rubinfeld, Chapter 6
 2. Kreps, Microeconomics for Managers, Chapter 9.

Monday, October 3 and Wednesday, October 5

Lectures 10, 11: Costs and Supply Functions

- Reading:
 1. Pindyck and Rubinfeld, Chapters 7 and 8

Monday, October 10

Lecture 12: Aluminum Industry Case

- Readings:
 1. The Aluminum Industry Case in 1994 (HBS)
 2. Aluminum Smelting in South Africa: Alusaf's Hillside Project (HBS)
 3. Prepare discussion questions for aluminum case for class

Wednesday, October 12

Lecture 13: Review and Catch Up: Problem Solving

MIDTERM: TUESDAY, OCTOBER 18, 9:00-NOON
(NO CLASSES OCTOBER 17-21)

Unit IV: MONOPOLY, ANTITRUST AND REGULATION

Monday, October 24

Lecture 14: Monopoly

- Readings:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 10.
 2. "Understanding Competitive Pricing and Market Power in Wholesale Electricity Markets," Electricity Journal, July 2000.

Wednesday, October 26

Lecture 15: Monopoly, anti-trust, network issues

- Readings:

1. W. Brian Arthur, "Increasing Returns and the Two Worlds of Business," (HBS), July 1996
2. Kovacic and Shapiro, "Anti-Trust Policy: A Century of Economic and Legal Thinking," Journal of Economic Perspectives, Winter 2000, pp. 43-60.
3. Scott Thurm, "Safe Conduct: Microsoft's Behavior is Helping Cisco Learn How to Avoid Trouble," Wall Street Journal, June 1, 2000, p. A1.

Unit V: OLIGOPOLY

Monday, October 31

Lecture 16: Oligopoly

- Readings:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 12.
 2. W. Christie and P. Schultz, "Did NASDAQ Market Makers Implicitly Collude?" Journal of Economic Perspectives, Summer 1995.

Wednesday, November 2

Lecture 17: Pricing with market power: Price discrimination

- Reading:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 11.
 2. Vachani and Smith, "Socially Responsible Pricing Lessons from the Pricing of Aids Drugs in Developing Countries," California Management Review, Nov. 1, 2004.

Monday, November 7

Lecture 18: Case

- Reading:
 1. Virgin Mobile USA: Pricing for the Very First Time (HBS)

Unit VI: COMPETITIVE STRATEGY

Wednesday, November 9

Lecture 19: Competitive Strategy

- Reading:
 1. S. Oster, Modern Competitive Analysis, Chapter 3.

Monday, November 14

Lecture 20: Case

- Reading:
 1. Lion Nathan and the Chinese Beer Industry (Stanford Case)

Unit VII: ORGANIZATION AND INFORMATION

Wednesday, November 16

Lecture 21: Organization of firms: vertical integration issues

- Readings:
 1. S. Oster, Modern Competitive Analysis, “Vertical Linkages,” Chapter 11.
 2. Pindyck and Rubinfeld, Microeconomics, Appendix to Chapter 11: “Transfer Pricing in the Integrated Firm.”

THANKSGIVING RECESS, November 18-27

Monday, November 28

Lecture 22: Asymmetric information and incentives

- Reading:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 17.

Wednesday, November 30

Lecture 23: Topics in Organization and Information

- No Readings

Unit VIII: EXTERNALITY PROBLEMS AND PROPERTY RIGHTS

Monday, December 5

Lecture 24: Externalities

- Reading:
 1. Pindyck and Rubinfeld, Microeconomics, Chapter 18.1-18.3.

Unit IX: BEHAVIORAL ECONOMICS |

Wednesday, December 7

Lecture 25: Behavioral Economics

- Reading:
 1. Daniel Kahneman, Jack L. Knetsch, Richard H. Thaler, “Fairness and the Assumptions of Economics,” Journal of Business, Vol. 59, No. 4, Part 2: The Behavioral Foundations of Economic Theory, October 1986

Monday, December 12

Lecture 26: Conclusion

FALL TERM CLASSES END DECEMBER 13

FINAL EXAM: MONDAY, DECEMBER 19, 9:00-NOON

PROBLEM SET DUE DATES	
DUE AT 12:00 NOON UNLESS OTHERWISE NOTED	
Exercise #1: ANALYZING BOYCOTT'S	Monday, September 12
Exercise #2: SUPPLY AND DEMAND WITH EXCISE TAX	Monday, September 19
Exercise #3: PRODUCTION	Wednesday, October 5
Exercise #4: COMPETITIVE EQUILIBRIUM	Wednesday, October 12
Exercise #5: IMPERFECT COMPETITION	Friday, November 4
Exercise #6: EXTERNALITIES	Friday, December 9