

Course Syllabus, Fall 2019

Microeconomic foundations for understanding business decision-making. Enrollment limited to full-time Wharton MBA students.

Professors

Matthew Backus, Clayton Featherstone, Corinne Low, Deniz Selman, and Juuso Toikka

Lectures

Tuesdays and Thursdays during second half of fall semester

You are automatically enrolled into a course section with your cohort. See the course website on Canvas for the meeting time and classroom for your section.

Deliverables

Your grade for the course will be based on the following components:

1. **In-class attendance and participation** (15% of final grade)
2. **Out-of-class learning** (35% of final grade)
 - a. Attend a weekly one-hour learning-team meeting
 - b. Fill out a weekly self-assessment on Canvas; you get half the points for filling it out, and the other half by asserting that you attended the team meeting
3. **Final exam**, Thursday, Dec 12, 9-11am (50% of final grade)

We will provide practice problems on each lecture's topic. The problems use the same format as the exam. You don't need to hand in your answers, but should practice solving the problems on your own and discuss them in the weekly learning-team meeting.

How to be successful in this class

The lectures focus on conveying the key concepts and are targeted at the median student. If you have questions, find the pace fast, or are struggling with the material, there are multiple ways to get help:

1. **Course Wiki.** Ask a question or see if it's already been answered. (You will receive an invitation to join the Wiki during the first week.)
2. **TA office hours.** Free tutoring time with a second-year MBA student TA. Offered several times a week. See Canvas for the schedule.
3. **Weekly TA session (aka recitation).** An MBA student TA will solve problems similar to those in the lectures and practice problems at a slower pace and in more detail than during lectures, giving step-by-step description of the math involved. Offered several times a week. See Canvas for the schedule.
4. **Professor office hours.** See Canvas for your professor's office hours.

This is a quantitative class. The exam tests your ability to apply the tools we learn, rather than memorization of facts. Because of this, the best way to study is to rework through the examples from lectures with pen and paper, and attempt to solve all practice problems on your own. Repetition, in particular, of actually answering quantitative questions yourself, is very helpful. If you run into trouble, don't stay stuck—use the above resources to get help!

Readings

One to three short popular-press articles will be posted on Canvas ahead of each lecture. You should read the articles before the class to facilitate discussion of the topics.

There is no required textbook. If you wish to have one as an additional resource—say, because you have little background in economics, haven't seen similar material in years, or would just like to dig deeper—we recommend *Microeconomics* by B. Douglas Bernheim and Michael D. Whinston (McGraw Hill); any edition is fine.

Attendance Policy

Attendance is recorded using the attendance app developed by the MBA Program Office (MBAPO). Arriving FIVE or more minutes late for class is treated as an absence.

The MBA Program Attendance Policy applies to this class. For example, absences will be excused only for the specific reasons listed on the MBAPO website (personal illness, personal or family emergency, and religious holidays for observant students). The full policy is available here: <https://mba-inside.wharton.upenn.edu/mba-program-attendance-policy/>.

All absence related matters are adjudicated by MBAPO.

Grading Policies

- The exam is closed book, but a one-page formula/note sheet is allowed along with a stand-alone calculator (not a phone or a computer). Details will be discussed in class.
- Self-assessments and the final exam are graded electronically, and scores will be posted on Canvas. For self-assessments, the scores become final 7 days after the due date of the assessment. Any inquiries about them must be submitted in writing prior to this 7-day deadline. The deadline for inquiries about exam scores will be announced later.
- **Any evidence of cheating is sent immediately to the Dean.**

Course Outline

Unit 1: Oligopolistic Competition

1. Competing in Undifferentiated Products
2. Collusion and Entry Deterrence
3. Differentiated Oligopoly

Unit 2: Price Discrimination

4. Perfect Price Discrimination and Pricing on Demographics
5. Self-Selecting and Quantity-Based Price Discrimination
6. Two-Part Tariffs and Menu Pricing
7. Bundling

Unit 3: Uncertainty and Private Information

8. Dealing with Uncertainty
9. Auctions and Competitive Bidding
10. Adverse Selection
11. Moral Hazard and Incentive Pay

Lecture slides and readings for each class will be posted on Canvas.