Syllabus
Revised: September 5, 2001

Course Description

This course is about markets, firms, and strategic interactions between firms. We’ll discuss situations faced by General Electric, Ericsson, Virgin, Merck, Cablevision, and many others. We’ll touch on supply and demand; how price depends on costs and the price-sensitivity of buyers; whether firms should make or outsource their inputs; how to increase revenue by charging different prices to different customers; why price competition should be avoided, and how; challenges of selling information; and winner-take-all markets. I hope you will take from the course a clear understanding of how to apply economic principles to business situations.

A complete outline and schedule is attached and posted on the course website.

Course Materials

There is no text. Everything you need for the course will be handed out in class and posted on the web:

http://www.stern.nyu.edu/~dbackus/1303

If you decide you’d prefer to have a textbook for backup, let me know and I’ll suggest one.

The materials include:

- Lecture notes. These play the role of the text for the course. In 3-6 pages, they outline and explain the conceptual issues for the day, define terms, list examples, and (where it makes sense) work out numerical examples. You are expected to read them before class.

- Lecture slides. Classes will be active applications of the material and not a repeat of the notes. Often they will start with a mini-case. Other times they will involve examples raised in class. The slides are a forecast of where the class will head, but if the discussion moves in another interesting direction we will generally let it run its own course. You are expected to skim them before class.
• Mini-cases. Professor Luis Cabral and I, together with several students from last year’s class, have prepared a number of short cases. When one appears on the course outline, you are expected to have read it and thought about it carefully before class.

• Assignments and problems. There are five assignments, three to be done in groups (quantitative cases) and two to be done individually (problems sets). Additional problems are included to provide practice with quantitative applications and preparation for exams. Group assignments will be graded. Individual assignments will not be graded formally, but will be marked with a check (and possibly a plus or minus).

Grades

Your grade for the course will be based on your work in the course, weighted as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>10%</td>
</tr>
<tr>
<td>Group assignments</td>
<td>15%</td>
</tr>
<tr>
<td>Group presentation</td>
<td>10%</td>
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<tr>
<td>Mid-term exam</td>
<td>25%</td>
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<tr>
<td>Final exam</td>
<td>40%</td>
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Final grades will follow the School’s guideline for core courses: no more than 35% of the class will receive A or A–. This guideline was instituted in response to student concerns that different sections of a course might be graded by different standards.

Honor Code

The Stern community believes that honesty and integrity are qualities necessary for rewarding academic and professional experiences. These qualities form the basis for the strong trust among all members of the academic community (students, faculty, and administrators) that is essential for excellence in education. The Honor Code requires that each student act with integrity in all academic activities and that each student endeavor to hold his or her peers to the same standard.

In this course, you may discuss assignments with anyone, but any written work submitted for a grade should be your own. On exams, you may bring in and consult one piece of paper with anything on it you like, but your answers should be entirely your own work.

Help

There are times when a little help can get you past an obstacle. If you’re stuck, email me (dbackus@stern.nyu.edu) or stop by my office (11th floor, room 55). Or contact Allison Schreter, the TA (abs256@stern.nyu.edu).
Things to Keep in Mind

• You are expected to be comfortable with basic economics and calculus. If you need help with either, please let me know.

• Classes are an essential part of the experience of the course. I expect you to attend class and participate in class discussion, and for your comments to reflect your experience, insight, and preparation.

• Presentations provide an opportunity for you to practice your presentation skills and to share your knowledge and insights to your classmates. They are described in more detail in a separate document (attached and posted on the course website).

Key Dates

• We will meet on Tuesdays and Thursdays with the following exceptions:
  o Tuesday, September 18: no class. Make-up class: Thursday December 13.
  o Thursday, September 27: no class. Make-up class: Friday September 28.

• Assignments are due at the start of class on the following dates:
  o Assignment 1: September 28.
  o Assignment 2: October 11.
  o Assignment 3: November 1.
  o Assignment 4: November 29.
  o Assignment 5: December 6.

• The midterm exam will be held in class on October 18.

• The final exam has been scheduled on Friday December 21, 9-11am.