

Course Description:

PUBLIC POLICY AND ECONOMIC ISSUES - DBA 8105



No.	Subject	
1	Title	Public Policy and Economic Issues
2	Code	DBA 8105
3	Credit Value	4
4	Prerequisite (if any)	Nil
5	Learning Outcomes	<p>Upon completion of this unit, the participant will be able to:</p> <ul style="list-style-type: none"> • Acquire the understanding of the various economic policies in differing economic environments; • Identify the feasibility of the managerial economics for managerial roles in differing managerial activities; • Determine the suitable economics model, tool, and theory for problem explaining and solving; • Practice problem solving by using mathematics and economics theories to complement and clarify the thinking.
6	Synopsis	This course examines the basic concepts and applications of demand and supply analysis. The course also explores topics of production and pricing in both domestic and international markets. Furthering the understanding of different market structures, this course focuses on the causes and consequences of market failures, the application of game theory to corporate decision-making, and the impact of technological change, international competition and government regulation.
7	Mode of delivery	Lecture, workshop
8	Assessment Methods and Types	<ul style="list-style-type: none"> • One Research Assignment (5,000 words) <p>100%</p>
9	<p>Course topics and contact hours</p> <p>1. Introduction to Public Policy & Economic Issues</p> <ul style="list-style-type: none"> • Aims and objectives • Mathematics for managerial economics • IS-LM model and AD-As model • Resource and advices • Process of Public Policy Making • Comparative Public Policy <p>2. Consumer theory</p> <ul style="list-style-type: none"> • The theory of individual choice • Preferences (and assumptions over preferences) • Maximising utility: the uncompensated demand • Minimising expenditure: the compensated demand • Welfare analysis • Sample exercises <p>3. Decision making</p> <ul style="list-style-type: none"> • Decision trees • Attitude towards risk • Some applications • The expected value of perfect information • Sample exercises <p>4. Game theory</p> <ul style="list-style-type: none"> • Extensive form games • Normal form games 	

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<ul style="list-style-type: none">• Nash equilibrium• Prisoners' dilemma• Perfect equilibrium• Perfect Bayesian equilibrium• Sample exercises
5. Bargaining <ul style="list-style-type: none">• Introduction• The alternating offers bargaining game• Incomplete information bargaining• Sample exercises
6. Asymmetric information <ul style="list-style-type: none">• Introduction• Adverse selection• Moral hazard• Signalling and screening• Principal-agent problems• Effort cannot be observed• Sample exercises
7. Further topics in consumer theory <ul style="list-style-type: none">• Reviewing consumer choice• Consumer welfare effects of a price change• Elasticity• State-contingent commodities model• Inter-temporal choice• Labour supply• Risk and return
8. Production, factor demands and costs <ul style="list-style-type: none">• Production functions and isoquants• Firm demand for inputs• Case: monopsony and minimum wages• Industry demand for inputs• From production function to cost function• Division of output among plants• Estimation of cost functions• Sample exercises
9. Policies and topics in labour economics <ul style="list-style-type: none">• Efficiency wages• Case: Politicians, sleaze and efficiency wages• Firm demand for labour• Internal labour markets• Managerial and executive pay• Sample exercises
10. Market structure <ul style="list-style-type: none">• Determinants of market structure• Strategy of incumbents• Measures of market structure• Perfect competition• Case: Competition in the insurance industry• Monopoly• Monopolistic competition• Sample exercise
11. Monopolistic pricing practices

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	<ul style="list-style-type: none"> • Price discrimination • Second degree price discrimination • Third degree price discrimination • Case: The European car market • Commodity bundling • Multiproduct firms • Transfer pricing • Case: Transfer pricing and taxation
	<p>12. Oligopoly</p> <ul style="list-style-type: none"> • Strategic asymmetry • Symmetric models • Collusion • Case: OPEC • Dynamic interaction • Conclusion and extensions • Sample exercises
10	<p>Main Reference(s)</p> <p>Varian, H.R. 2010. Intermediate Microeconomics. New York: W.W. Norton and Co., seventh edition. [ISBN 9780393928624]</p> <p>Ivan, P.N.G. 2012. Managerial Economics. 4th edition. Routledge</p>
11	<p>Additional reference(s)</p> <p>Theodoulou & Cahn, (2013), Public Policy: The Essential Readings, 2nd Edition, Pearson, ISBN-13: 9780205856336</p> <p>Morgan, W., M.L. Katz and H.S. Rosen. 2009. Microeconomics. Boston, Mass: Irwin/McGraw-Hill. [ISBN 9780077121778]</p> <p>Mankiw, N.G. 2010. Macroeconomics. Worth, seventh edition. [ISBN 9781429218870]</p> <p>Website:</p> <p>www.questia.com</p> <p>www.ipma.co.uk</p> <p>www.ebscohost.com</p>