

Syllabust!

Dr. D, Neverland and the Case of the Missing Graduate Program

"Reading it, it's as if [Sami] Dakhliia is telling his students that *he* thinks he's smart, and by the end of the semester *they* will think so as well." *Anonymous*

For USMNEWS.net readers who have not had the fortune to peruse the course syllabus for CoB economist Sami Dakhliia's fall 2008 section of ECO 340 (Intermediate Microeconomic Theory), it has been inserted at the end of this report. Sources describe it as a real piece of work, and they believe that USMNEWS.net readers will think so as well. As you read through it, you will likely detect something USMNEWS.net columnists and readers pointed out months ago about former CoB marketing professor, Barry Babin. When Babin became chair of the MGT & MKT department, he began instituting changes that editorialists/readers described as the efforts of someone (Babin) who was attempting to carve out something akin to the existence one would have as a faculty in a department with a PhD program. USM is a Tier IV institution (and, some would say "barely"), and its business school is not even close to the point of being able to support a PhD program, at least not a quality one. At that time, Babin, who had spent more than a decade in USM's business school traveling (on taxpayers' dimes) to exotic places and generally behaving as if he were part of a Tier II or better program, wanted a Neverland-type of existence for MKT. He tried, but failed, to create that during his brief tenure as chair. Having failed to create that "environment" in the CoB, Babin moved on to Louisiana Tech University, where doctorate programs in business already existed.

Dakhliia, who was, to use EFIB chair George Carter's term, "canned" by the economics department at the University of Alabama (Tier II, PhD program), appears to want that Neverlandesque PhD program faculty existence that he once had. And, he's bringing that desire right to the doorsteps of the CoB's ECO 340 students. In the fall of 2008, Dakhliia will have USM ECO students doing "linear algebra and calculus leading to constrained and unconstrained optimization," all just so that these *business majors* will be able to "formalize," but not necessarily solve, a problem when they encounter it. (At one point on the syllabus, Dakhliia implies that USM students are not smart enough to solve the problem(s).)

"Existing economics is a theoretical [meaning mathematical] system which floats in the air and which bears little relation to what happens in the real world." *Ronald Coase*

". . . economics has become increasingly an arcane branch of mathematics rather than dealing with real economic problems." *Milton Friedman*

Why is Dakhliia, the prof CoB students refer to as "Dr. D," doing this? He says "[he is] assuming that if you are in ECO340, you have a natural predisposition towards economics." That faulty assumption ignores the fact that the ECO 340 students are

almost all IB majors who are indentured-ECO major-servants, made so by George Carter, Farhang Niroomand, and Charles Sawyer, simply to inflate the number of "economics" students so as to employ more and more economists in the business school. Now, so that Dakhlia can "[make ECO 340] the most rigorous class the CoB has to offer," which sources say is really all about feeding Dakhlia's (ego and) desire to be in a PhD program, many of the CoB's *business students* will be forgotten.

"Economics has increasingly become an intellectual game played for its own sake and not for its practical consequences for understanding the economic world. Economists have converted the subject into a sort of social mathematics in which analytical rigour is everything and practical relevance is nothing." *Mark Blaug*

About all that can be said to the three dozen or so CoB *business students* who will sit through Dr. D's "most rigorous class the CoB has to offer" is: "Welcome to the 'intellectual game.' We hope you enjoy it."

Dakhlia's ECO 340 syllabus begins on the following page. Some of the better parts have been highlighted for convenience.



Professor: Sami Dakhliya <microprof@gmail.com>
 Office Hours: Wednesdays 2-4 or by appointment in JGH 312G
 Phone: 601-266-6612

Objectives

Welcome to 0-BS. The objective of this class is to provide you with a systematic way to look at economic behavior, whether it is at the level of the firm or whether it is in a more general setting. The *modus operandi* of economic analysis (just as in any other science) is to simplify reality, to strip it of all non-essentials, so as to better understand it. My hope is that this class will make you a better problem solver.

Systematic problem solving starts with clearly identifying the objective and rejecting whatever *appears* to be an objective, but isn't really one. In particular, be sure to distinguish between objective and means. (Thus, finding employment is not an objective, but rather a means to make money. Clearly, I'd be delighted to get the money without having to work!) Identify the constraints.

Only then should you begin to solve the problem. This is what I'm expecting of you, not more, not less. Now, if you're *really* good or very lucky, you *might* come up with a solution, but that's truly secondary.

Content

There are some ubiquitous economic concepts and themes that have wide applicability:

- Most individuals act in their individual self-interest.
- Costs are irrelevant if they're not opportunity costs.
- Markets, if competitive, are groovy. Sometimes, however, they're not. The pathologies include:
 - not enough players, leading to strategic power (games)
 - public character of goods and externalities (non-excludability and non-rivalry)
 - asymmetric information
 - clumsy government regulation

As such, our course will be structured as follows:

(core accreditation objectives are underlined)

- We'll start with math: review of linear algebra and calculus leading to constrained and unconstrained optimization.

- Classical Micro: Derive input demand and output supply curves for a profit-maximizing firm, both for the competitive and the monopolistic case
- Externalities: When economic activities affect an uncompensated third party, we have an inefficiency. If transactions and negotiations costs are sufficiently low, the affected private parties can solve their problems without the need for government intervention, *provided* property rights are well-defined. This statement is widely known as the "Coase Theorem," after the Nobel Prize winner.
- Intro to Game Theory: Cournot and Bertrand Models of Duopoly. Concept of mixed strategies (Rock-Paper-Scissors), Stackelberg Model of Duopoly, Sequential Bargaining, Bank Runs.
- Asymmetric Information: Akerlof's market for lemons.
- Mechanism Design: Optimal Wage Contracts

At the end of the course, you should be able to take a real-life problem, formalize it, and solve it.

Textbook

We don't need a textbook. All necessary material can be found online.

Exams

- There will be a total of four exams (three midterms and a final).
- If you average an A after the last midterm, I will exempt you from the final.
- THERE IS NO MAKE-UP EXAM. If you miss a midterm, the final will simply count twice. If you miss two midterms, you automatically fail the class.

Attendance

Do as you wish, but note that **I will not repeat a lecture during office hour!** I'm assuming that if you are taking ECO340, you have a natural predisposition towards economics. Furthermore, kindly take notice of the fact that I plan on making this the most rigorous class the CoB has to offer.

Grading Policy and Grade Review Policy Statement

Your exams are graded carefully and original grades are rarely changed. If you believe a grading mistake was made on your exam, you may submit a request for a re-grade to me within one week after the exam is returned. In your written request, please include a careful explanation for why you believe the grading error has been made. Your entire exam will be re-graded and the score may go up or down.

As a general rule and out of fairness to the other students, I will make no exceptions and will **not negotiate** grades.

If you disagree with your *final* grade, fair play requires the opportunity for an orderly appellate procedure. You must initiate the appeal procedure within 30 school days (excluding Saturday, Sunday, and official student holidays) of the beginning of the semester subsequent to the one in which the grade was awarded, or 120 calendar days after the issuance of spring semester grades, should you not be enrolled during the summer term. The procedure assures due process for both the instructor and the student. For policies and procedures governing grade review, contact the Dean of the College of Business or the Office of the Provost.

Activity	MT 1	MT 2	MT 3	Final
Points	25%	25%	25%	25%

Letter Grades will be determined based upon the following scale:

A	B	C	D	F
90.00%	80.00%	70.00%	60.00%	<60.0%

Test Dates

Midterm1	Midterm2	Midterm3	Final
Mon 9/22	Fri 10/24	Mon 11/24	Tu 12/9 10:45AM

There will be a Q&A session before each exam.

Online Content

All online content is posted on my website at <http://ocean.ctr.usm.edu/w688039/>

Please read CoB Statement (separate document)!