

USC Marshall

School of Business

ECON 351: Microeconomics for Business

Spring 2013

Location: SLH 102

Day & Time: TTh 8:00-9:50am

Section Number: 26351R

Professor:	Rahşan Akbulut
Office:	ACC 301 K
Office hours:	TTh 2:00-3:30pm, or by appointment
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Course Description

This is an intermediate level course in microeconomics mainly for students who major in economics, finance, and business related disciplines. The goal of this course is to provide the student with an understanding of the operation of a system of prices and markets in determining an allocation of resources in a market economy. We will discuss the properties of such an allocation and the circumstances under which a market system cannot provide an efficient allocation, hence fail.

In our description of the market economy, various sectors or decision making units will be modeled. For example, we will describe the derivation of market demand through a theory of consumer behavior and choice. We will describe the production technology and cost structure of the firm in an effort to characterize the market supply schedule. We will discuss market supply under different market organizations. This course will also introduce pricing strategy, basic principles of game theory and competitive strategy.

The above decision making problems will provide the student with a foundation for the study of choice in many areas of business. For example, the economics of consumer choice underlies much of modern marketing strategy, including pricing, segmentation and advertising. The theory of the firm contributes to a sound understanding of cost accounting as well as production and location decisions. Economic analysis of behavior in a risky environment, form the foundation of finance. Finally, the study of market failure and industrial structure is necessary for an understanding of government's role in a market economy and the political environment for business.

This course is designed to examine all of the areas in which microeconomic reasoning is a necessary basis for making informed business decisions. With this course you should be able to apply microeconomic analysis to issues of real world interest both within and beyond the area of business.

Prerequisites:

I will assume that you are familiar with basic algebra and calculus. You should expect exam questions requiring calculations. MATH 118 is a prerequisite for ECON 351.

Required Course Material:

The required textbook for this course is *Microeconomics for Business*, a USC Custom Edition. Most chapters of this book are taken from the textbook *Microeconomics* (8th edition) by Pindyck and Rubinfeld, a few chapters are from *Microeconomics* (4th Edition) by Hubbard and O'Brien.

ISBN: 9781256936169

The custom text is bundled with a MyEconLab Student Access Code Card. MyEconLab (MEL) is an online study tool provided by the publisher designed to complement the full version of the textbook. So, in our case it will complement *Microeconomics* (8th edition) by Pindyck and Rubinfeld.

MEL has online practice tests, exercises, and other resources. You can also create your own study plan. We will use MEL for Homework assignments. Each topic has a homework assignment associated with it. These assignments are set up to help you understand and become comfortable with the material. You get automatic feedback as you do the problems, and your efforts are graded automatically. Detailed MEL registration and course enrollment information is provided at the end of the syllabus.

Course Notes:

Power point slides of the lectures and other course material (notes, articles, etc.) will be available on Blackboard. I will also use the site for announcements. You will receive an email notification each time an announcement is posted.

You will be responsible for all the material covered during lectures, including the articles we will discuss. **It is very important that you attend all classes.**

Marshall tutoring Program:

The Marshall Office of Undergraduate Advising offers Peer Tutoring as a supplement to classroom instruction. Marshall Peer Tutors are able to assist students in understanding and clarifying difficult concepts, but tutoring sessions are effective only if students regularly attend class and actively engage in the process of thinking critically about the course content.

Marshall Peer Tutoring services are available for core courses that are traditionally challenging, including ECON 351x, ECON 352x, BUAD 310, and BUAD 306. Tutoring will begin on the Monday of the third week of classes for ECON-351x. Students can choose to participate in group tutoring sessions or drop-in tutoring sessions. Most students will benefit from group tutoring in particular, as the purpose of group tutoring sessions is to review and discuss content covered in the previous and current week.

Group tutoring for ECON 351 and BUAD 310 is available every Monday-Wednesday from 8-9 and 9-10 in the Experiential Learning Center (ELC) in BRI-3 and drop-ins for ECON 351 and BUAD 310 are available Fridays, 12-4 in BRI-5. For more information on tutoring, see <http://students.marshall.usc.edu/undergrad/advising/> or contact the Marshall Office of Undergraduate Advising in BRI-104, 213-740-0690, undergrad.advising@marshall.usc.edu.

Expectations:

An active and productive classroom is essential for the success of this course. Cultivating and maintaining such an environment is the responsibility of the instructor and the students. This responsibility imposes several obligations on all of you. First, it is very important that you ***prepare yourself for each and every session by reading the assigned materials in advance***. It is not necessary that you know the material “cold” before each class, but it is important that you expend sufficient effort to gain some grasp of the ideas we will be discussing.

Second, microeconomic theory is cumulative, so that a misunderstanding of some earlier argument can create an even deeper misunderstanding at some later stage. It is important that you review your notes after each class and attempt to recreate the same economic arguments on your own.

Third, microeconomics uses algebra, geometry and some notions from calculus as tools used to summarize complex arguments that cannot be efficiently expressed in words. Most of this mathematics is at the high school level, but it can be challenging if a lot of time has passed since you last used it. I will briefly review these concepts as I use them to present economic arguments, but I can only use a bit of our precious class time for this discussion.

And fourth, it is very important that you appreciate the interactive nature of the classroom environment. Although I will typically lecture, that does not mean I discourage classroom interaction. On the contrary, I encourage your active participation in the discussions, hence there will be a participation grade. However, please be respectful of your classmates’ time. We are on a very constrained timetable that does not allow for long, drawn-out conversations about material that is not relevant to the class material.

Grading Policies:

Article Responses / other work	5 %
MyEconLab Assignments	15 %
Participation	5 %
Midterm 1 & 2	40 %
Final	35 %

Article Responses / other work: Articles from the economic and financial press will be posted on Blackboard. They are intended to provide an applied perspective to the concepts that will be covered in this course. I will also post the questions that you should address in relation to these articles. You will submit your response on Blackboard. You will get credit (1) or no credit (0) for it. I will record your grades on Blackboard. I will also assign other work throughout the semester that will require the use of Microsoft Excel.

MyEconLab - Assignments: You will have to do these assignments online. There will be assignments for every chapter. Some of them will be “Practice Assignments” and some “Graded Assignments”. All of them will have due dates, but only the graded ones will count towards your course grade. You get instant feedback on your answers. If your answer is wrong, you can reattempt the question. There is a limit of 3 attempts per question. Late work will not be graded, no matter what the excuse is. But I will drop your lowest score on the graded assignments.

Participation: Your active participation in class is very important. For that your attendance is crucial.

Midterm Exams: The first midterm exam will be on **Tuesday, February 19th**, during scheduled class time. It will test material covered up to the exam. The second midterm exam will be on **Tuesday, April 2nd**, during scheduled class time. It will test material covered after the first midterm. **No midterm makeup will be given**, except for proven medical emergencies. The weight of your midterm with the higher score will be 25% and that of the other one 15%.

Final Exam: The final exam will be on **Wednesday, May 15th, at 8:00 - 10:00 am**. It will be comprehensive. No makeup exams will be given, except for proven medical emergencies.

All exams will be closed book and notes.

Grade Appeals: If you are not satisfied with your grade on an exam, you can appeal to me in writing, within one week after the exam is handed out.

Class Etiquette:

This is a large class and I need your cooperation in ensuring orderly conduct of the lectures.

- You may use a laptop or iPad during class **only to take notes**. I might ask you to close it.
- Please turn your cell phones off before entering the class.
- Please arrive on time. If you are going to be late on a particular day, for a valid reason, please let me know in advance.
- If you have to leave early on a particular day, for a valid reason, please let me know in advance; also, try to find a seat near an aisle to minimize disruption to others.

Statement on Academic Integrity:

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own. All students are expected to understand and abide by these principles. *SCampus*, the Student Guidebook, (www.usc.edu/scampus or <http://scampus.usc.edu>) contains the University Student Conduct Code (see University Governance, Section 11.00), while the recommended sanctions are located in Appendix A.

Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://www.usc.edu/student-affairs/SJACS/>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

Statement for Students with Disabilities:

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information visit www.usc.edu/disability.

Course Outline: ¹

Lect.	Date	Topic	Chapter²
1.	1/15	Introduction: Foundations and Models	1 (+ Appendix)
2.	1/17	Trade-offs, Comparative Advantage, and the Market System	2
3.	1/22	Comparative Advantage and the Gains from International Trade	3
4.	1/24	Supply and Demand	4
5.	1/29	Supply and Demand, Consumer Behavior	4, 5
6.	1/31	Consumer Behavior	5
7.	2/5	Demand	6
8.	2/7	Demand, Uncertainty	6, 7
9.	2/12	Uncertainty	7
10.	2/14	Midterm Review	
11.	2/19	Midterm 1	1-7
12.	2/21	Production	8
13.	2/26	Production	8
14.	2/28	Cost	9
15.	3/5	Cost	9
16.	3/7	Profit Maximization and Competitive Supply	10
17.	3/12	Profit Maximization and Competitive Supply	10
18.	3/14	Perfect Competition	11
	3/19	Spring Break	
	3/21	Spring Break	
19.	3/26	Perfect Competition	11
20.	3/28	Midterm Review	
21.	4/2	Midterm 2	8-11
22.	4/4	Monopoly	12
23.	4/9	Pricing	13
24.	4/11	Monopolistic Competition and Oligopoly	14
25.	4/16	Monopolistic Competition and Oligopoly	14
26.	4/18	Games and Competitive Strategy	13
27.	4/23	Games and Competitive Strategy	13
28.	4/25	Externalities and Public Goods	18
29.	4/30	Externalities and Public Goods	18
30.	5/2	Review	
	5/15	Final Exam 8:00 - 10:00 am	Cumulative

MyLab / Mastering Student Registration Instructions

¹ All details in this schedule are subject to change with adequate notice.

² Notice that the first three lectures are from *Microeconomics* (4th Edition) by Hubbard and O'Brien. The rest is from *Microeconomics* (8th edition) by Pindyck and Rubinfeld. The chapter numbers in this outline refer to our custom addition.

To register for Econ351:

1. Go to pearsonmylabandmastering.com.
2. Under Register, click **Student**.
3. Enter your **instructor's course ID: akbulut17906**, and click **Continue**.
4. Sign in with an existing Pearson account or create an account:
 - If you have used a Pearson website (for example, MyITLab, Mastering, MyMathLab, or MyPsychLab), enter your Pearson username and password. Click **Sign In**.
 - If you do not have a Pearson account, click **Create**. Write down your new Pearson username and password to help you remember them.
5. Select an option to access your instructor's online course:
 - Use the access code that came with your textbook or that you purchased separately from the bookstore.
 - Buy access using a credit card or PayPal.
 - If available, get 17 days of temporary access. (Look for a link near the bottom of the page.)
6. Click **Go To Your Course** on the Confirmation page. Under MyLab / Mastering New Design on the left, click **Econ 351 - Spring 2013 - 8am** to start your work.

To sign in later:

1. Go to pearsonmylabandmastering.com.
2. Click **Sign In**.
3. Enter your Pearson account username and password. Click **Sign In**.
4. Under MyLab / Mastering New Design on the left, click **Econ 351 - Spring 2013 - 8am** to start your work.

Additional Information

See **Students > Get Started** on the website for detailed instructions on registering with an access code, credit card, PayPal, or temporary access.