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**Office:** HOH403  
**Office Hours:** 10-11am, Monday and Wednesday

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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 aim is twofold: 1) to equip students with basic analytical tools for economic analysis; and 2) to develop students' ability to use economic principles to explain the real world phenomena. The course consists of three major parts: 1) price theory, in which we focus on the behavior of consumers and competitive firms and their interactions in the market; 2) game theory, in which the focus is on the strategic interactions between players in generally defined games; 3) industrial organization, in which we draw on the first two parts to analyze industrial structures and business strategies.

### Prerequisites

Modern economics are highly involved with mathematics. I will keep the math to a reasonably low level. However, solid knowledge of basic algebra and elementary calculus and probability are required. You are expected to have taken MATH 118 or other math courses at a similar level. I will give a math review at the beginning of the course. If you still have problems after that, you should talk to me and we work together to get you on the right track. Always keep in mind: math is crucial for academic performance in this course.

### Required Material

The textbook for this course is *Microeconomics for Business Decisions* (referred as **MBD**), a USC Custom Edition. Most chapters of this book are taken from the textbook *Microeconomics* (8<sup>th</sup> edition) by Pindyck and Rubinfeld (referred as **MPR**), a few chapters from *Microeconomics* (4<sup>th</sup> Edition) by Hubbard and O'Brien. It is perfectly fine if you purchase the **MPR** (the 7<sup>th</sup> edition also works if you happen to have one or want to buy a second-hand one) instead of the USC Custom Edition. Hubbard and O'Brien's textbook provides some excellent examples, but it is below the level of this course. I will NOT use any fancy on-line learning lab and you don't need to spend money on this. From time to time, I will assign some optional readings, which will be made available on line in due course.

### Class Structure and Lecture Notes

Three things are most important for high performance in this course: 1) attending classes regularly; 2) mastering the lecture notes; 3) working hard on the assignments.

Each lecture will last about 90 minutes with no break. Typically, I will spend the first 30 minutes outlining the learning objectives, discussing motivation, and reviewing basic concepts. I will then work through specific problems and technical issues, often on the PHYSICAL BLACKBOARD. Please prepare a pad of paper to write in class.

To make you better prepared, I will post a part of the lecture slides, including outlines, essential concepts, graphs, and examples BEFORE each lecture. Please read these slides and do the relevant reading assignment BEFORE class. I will update lecture notes AFTER each lecture. But they won't be as detailed as in class.

I will assign 4 problem sets as homework. Although you don't need to hand in your solutions, the problem sets are crucial for quizzes and exams. Treat them seriously! I expect you spend more time solving homework problem sets than reading textbooks. I will provide detailed solutions to the problem sets and will review them in class before the corresponding quiz.

## **Communication**

### **Blackboard**

The main forum of this course is Blackboard (<http://blackboard.usc.edu>). I will post lecture slides, additional notes and exercises, quizzes and solutions, and announcements to the Blackboard. You are responsible to check the Blackboard regularly and download these materials.

### **Office Hours**

I will hold two regular office hours (10-11am on Monday and Wednesday) during the term time. Please use these two hours as much as possible. They are your time! If you cannot visit me during my office hours, I am happy to make an appointment to talk with you, but please email me in advance.

### **Emails**

The best way to reach me is via emails (of course, call me in case of emergency). I will respond to your inquiry as soon as possible. However, if you email me tricky questions and I believe that it is not feasible to give satisfactory answers, I will ask you to come to my office hours.

### **Teams**

I encourage you to work with your classmates. Try to form a small study team (2-3 people), which will make it easier for you to borrow lecture notes, track study progress, and solve problem sets.

## **Grading Policies:**

Your semester score will be based on three quizzes, one mid-term exam, and one final exam. For each quiz/exam, you will receive a score from 0 to 100 points. At the end of the semester, I will compute your weighted average semester as follows:

**Semester Score = 10%\*Best Quiz + 10%\*Second Best Quiz + 10%\*Third best quiz + 30%\*Midterm + 40%\*Final Exam**

I will give FOUR **IN-CLASS** quizzes. You are required to submit at least three, usually the ones you feel most comfortable with, after you finish them in class. If you hand in more than three, I will pick up your best three ones.

All the quizzes and exams consist of ONLY multiple choice questions. Each quiz will address the subject matter that precedes it. The midterm covers the first part of the course. The final exam is cumulative. A quiz will last about 30 minutes, the midterm 90 minutes, and the final 120-minutes. The two exams are compulsory.

I will NOT implement a “curve” or hard target for the distribution of class grades for individual quizzes/exams. I will only assign a GPA-convertible letter grade based on your semester score after the final exam. In your final grading, I will attempt to follow the School’s recommended target for the **mean** GPA: 3.0 (letter grade: B).

### **Some Grim Rules**

When a class is of a large size, some grim rules are necessary to achieve efficiency and maintain fairness for the majority. In this course, I will impose the following grim rules – “grim” means “no negotiation” in this context.

1. No laptops or other internet access devices may be used in class for any reason. Please turn off your cellular phones before entering the class. Please don’t eat in class.
2. **No extra credit apart from the quizzes and exams will be assigned to your final grades.** Class participation, homework, and papers don’t count.
3. University policy requires the final exam to be given at the time indicated on the University’s final exam schedule. **No student is allowed to take the final exam earlier or to skip the final exam.** Instructors do not have discretion to grant exceptions to this policy.
4. **No make-up tests will be given in any circumstance.** You can miss one out of four quizzes. If you miss more than one quiz or the mid-term exam because of serious health problems, I can reduce the weights of the missed ones (accordingly increase the weights of others) upon a written request with formal documentation and signature from your doctors. If you have to miss a test for religious reasons, a formal request for weight adjustment should be made at least two weeks before the test. The School will verify the validity of your request. I will not consider any other reasons for weight adjustment of your scores and will pass your request, if you insist on its validity, to the Department for decisions.
5. **Regrading must be requested within one week of the day when the exam was returned to the class.** Students requesting for regrading must submit a written and precise explanation of why he/she thinks that the grade should be modified. The entire exam will be regraded and the final mark may go up or down. Returned paperwork, unclaimed by a student, will be discarded after 4 weeks and hence, will not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

## **Academic Accommodations Based on a Disability**

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 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, please visit [www.usc.edu/disability](http://www.usc.edu/disability).

## **University Student Conduct Code (selected passages)**

10.0 General Disciplinary Principles: Students are expected to make themselves aware of and abide by the university community's standards of behavior as articulated in the Student Conduct Code and in related policy statements.

11.0 Behavior Violating University Standards and Appropriate Sanctions: General principles of academic integrity include and incorporate 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. Faculty members may include additional classroom and assignment policies, as articulated on their syllabus. The following are examples of violations of these and other university standards.

11.13 A. Any use of external assistance in the completion of an academic assignment and/or during an examination shall be considered academically dishonest unless expressly permitted by the instructor. The following are considered unacceptable examination behaviors: communicating with fellow students during an exam, copying material from another student's exam; allowing another student to copy from an exam; possession or use of unauthorized notes, calculator, or other materials during exams and/or any behavior that defeats the intent of an exam or other classwork; and unauthorized removal of exam materials.

B. Submission of altered work after grading shall be considered academically dishonest, including but not limited to changing answers after an exam or assignment has been returned or submitting another's exam as one's own to gain credit.

11.80 Sanctions: Sanctions for violations of the university Student Conduct Code are assessed appropriately for the cited violation. One or more of the following sanctions may be imposed for violations of university regulations

11.88 Grade Sanctions: Any disciplinary grade reduction including, but not limited to, grades of "F" for a course, a reduced grade for a course, grades of "F" or zero credit for assignments, or reduced credit for assignments.

**Appendix I: COURSE CALENDAR/READINGS/CLASS SESSIONS**

	<b>Topics</b>	<b>Readings</b>	<b>Important Dates</b>
<b>Week 1</b> 27, 29, August	(27 <sup>th</sup> ) Introduction (29 <sup>th</sup> ) Math Review	<b>MBD: ch1-4;</b> <b>MPR: ch2</b>	
<b>Week 2</b> 3, 5, September	(3 <sup>rd</sup> ) Labor Day (5 <sup>th</sup> ) Consumer Behavior(I)	<b>MPR: ch3</b>	
<b>Week 3</b> 10, 12, September	(10 <sup>th</sup> ) Consumer Behavior (II) (12 <sup>th</sup> ) Demand	<b>MPR: ch3-4</b>	
<b>Week 4</b> 17, 19, September	(17 <sup>th</sup> ) Review PS1 (19 <sup>th</sup> ) Uncertainty (I)	<b>MPR: ch5</b>	<b>(19<sup>th</sup>) Quiz 1 in class</b>
<b>Week 5</b> 24, 26, September	(24 <sup>th</sup> ) Uncertainty (II) (26 <sup>th</sup> ) Production and Cost	<b>MPR: ch6,7</b>	
<b>Week 6</b> 1, 3, October	(1 <sup>st</sup> ) Profit Maximization (3 <sup>rd</sup> ) Competitive Market	<b>MPR: ch8,9</b>	
<b>Week 7</b> 8, 10, October	(8 <sup>th</sup> ) Review PS2 (10 <sup>th</sup> ) Minimum Wages		<b>(8<sup>th</sup>) Quiz 2 in class</b>
<b>Week 8</b> 15, 17, October	(15 <sup>th</sup> ) Strategy (17 <sup>th</sup> ) Static Games	<b>MPR: ch13</b>	
<b>Week 9</b> 22, 24, October	(22/24) Sequential Games	<b>MPR: ch13</b>	<b>Midterm Exam on either 22<sup>nd</sup> or 24<sup>th</sup></b>
<b>Week 10</b> 29, 31, October	(29/31) Repeated Games and Cooperation		
<b>Week 11</b> 5, 7, November	(5 <sup>th</sup> ) Review PS3 (7 <sup>th</sup> ) Industry Structure	<b>MPR: ch10</b>	<b>(7<sup>th</sup>) Quiz 3 in class</b>
<b>Week 12</b> 12, 14, November	(12 <sup>th</sup> ) Monopoly (14 <sup>th</sup> ) Oligopoly (I)	<b>MPR: ch11;</b> <b>MPR: ch12</b>	
<b>Week 13</b> 19, 21, November	(19 <sup>th</sup> ) Oligopoly (II) (21 <sup>st</sup> ) Thanksgiving	<b>MPR: ch12</b>	
<b>Week 14</b> 26, 28, November	(26 <sup>th</sup> ) Review PS4 (28 <sup>th</sup> ) Auction (I)		<b>(28<sup>th</sup>) Quiz 4 in class</b>
<b>Week 15</b> 3, 5, December	(3 <sup>rd</sup> ) Auction (II) (5 <sup>th</sup> ) Networks		
<b>FINAL</b> 12-17, December	Final Exam		To be determined

Please note: 1) The above schedule is tentative. There might be adjustments depending on how the course progresses. 2) The listed reading assignment is rough. More specific guidance will be provided before a topic is started. 3) **PS** means “problem set”, **MBD** means the text *Microeconomics for Business Decisions*, and **MPR** means the text *Microeconomics by Pindyck and Rubinfeld*. 4) The date/time of the Final Exam is determined by the University. For the date and time of the final for this class, consult the USC *Schedule of Classes* at [www.usc.edu/soc](http://www.usc.edu/soc). Select the corresponding semester to view and click on the “Final Examinations Schedule” link on the left side of the screen.