

**University of Southern California
Marshall School of Business
ECON 251 - Microeconomics for Business
Course Syllabus - Spring 2012**

1. Instructor

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2. Course Description

Main goal This course will equip students with basic analytical tools to better understand economic phenomena and guide business decisions. We will cover the behavior of consumers and firms, their interactions in the market, and the remedies to market failure. I will also introduce basic principles of game theory and information economics. Although our focus is on theory, real world applications and empirical results will be discussed throughout.

Prerequisite Unfortunately modern economics involve quite some mathematics. I will keep the use of mathematics to a minimum level. However basic knowledge of calculus and algebra is unavoidable. You are expected to have taken MATH 118 or other math courses at a similar level. Believe me. A bit math would make your learning much easier, and I will help you to achieve this.

3. Textbook and Readings

Required text book The textbook for this course is *Microeconomics* by Pindyck and Rubinfeld: Pearson-Prentice Hall, 7th edition. It is always beneficial to read the relevant chapters before class. The publisher currently offers a 15% discount plus a free study guide and on-line MyEcon Lab. But if you feel it expensive as I do, it is totally fine to use an older version from second-hand book markets (e.g., Amazon marketplace). I will **NOT** use the fancy on-line MyEcon Lab, although you are encouraged to try in your spare time.

Supplemental readings I recommend the following fun books to whet your appetite for economics. You may read the one that is closest to your taste before or during the course.

Fatal Equilibrium by Marshall Jevons. A scientific fiction type book with lots of economics.

Freakonomics by Steve Levitt and Steve Dubner. A great demonstration of the power of economics in explaining real world, even for freak stuff.

The Art of Strategy by Avinash Dixit and Barry Nalebuff. Application of game theory in life and business. An old brother of this book is **Thinking Strategically**, which some people like more.

4. Class Attendance and Blackboard

Class attendance is essential for successful academic performance in this course. The textbook is **ONLY** complementary (**NOT** substitutable) to the lectures. I will replace several traditional topics discussed in length in the book with modern ones that are not covered by the book. The level of some lectures will be slightly above the book. I will also discuss some most updated economic events and business cases in class.

No laptops or other internet access devices may be used in class. Please turn off your cellular phones, beepers and pagers before entering the class.

The main forum of this course is Blackboard (<http://blackboard.usc.edu>). I will post lecture slides (which will not be handed out in class) after class, additional readings, quizzes, and important announcements to the Blackboard. You are responsible to check the Blackboard regularly and download these materials.

Students are strongly encouraged to ask questions during class and office hours. It is often not easy to give a comprehensive answer to questions sent by e-mail. If you email me a question and I believe that it is not feasible to give a satisfactory answer, no quick feedback is guaranteed and I will usually ask you to come to my office hours.

5. Grading

- a. There will be 5 take-home quizzes. You are required to submit at least three, usually the ones you feel most comfortable with. If you hand in more than three, I will pick up your best three ones when calculate the final grade. In each quiz, you are asked to attempt 6 multiple choice questions, one short-answer question, and one analytical question.
- b. There will be a midterm and a final, each two hours. These exams are compulsory (see Part 7 for the school regulation). The structure of the exams will be very similar to the quizzes, with more questions.
- c. I do not assign letter grades to individual exams. For each exam, you will receive a score from zero to 100 points. At the end of the semester, I will compute your weighted average semester score (also from zero to 100 points) as follows:

$$\text{Semester Score} = 0.10 * \text{Best Quiz} + 0.10 * \text{Second Best Quiz} + 0.10 * \text{Third best quiz} + 0.30 * \text{Midterm} + 0.40 * \text{Final Exam}$$

- d. If your Semester Score is between zero and 49 points (inclusive), you will receive a failing grade (F). If your score is between 50 and 59 points (inclusive), you will receive a D-, D or D+. This rule will be strictly enforced, and I will not assign any kind of extra credit activities (papers, homework, etc.).

Letter grade C- starts at 60 points. Bs and As will be assigned according to the overall performance of the class. I will not implement a “curve” or hard target for the distribution of class grades. Your grade will reflect my best judgment of your

class performance, as indicated by the results of all the tests. However, I will attempt to follow the School's recommended target for the **mean** GPA: 3.0 (B).

6. Tentative Schedule

Session	Date	Topic	Required Reading	Others
M(1)	1/09	Introduction	PR: Ch1,2	
W(2)	1/11	Consumers' Behavior	PR: Ch3	
M	1/16	No Class (King Holiday)		
W(3)	1/18	Consumers' Behavior	PR: Ch3	
M(4)	1/23	Demand	PR: Ch4	
W(5)	1/25	Demand	PR: Ch4	
M(6)	1/30	Production	PR: Ch6	Quiz 1 due
W(7)	2/01	Cost	PR: Ch7	
M(8)	2/06	Supply	PR: Ch8	
W(9)	2/08	Exchange	PR: Ch9	
M(10)	2/13	Competitive Market	PR: Ch9	
W(11)	2/15	Monopoly	PR: Ch10	Quiz 2 due
M	2/20	No Class (President Day)		
W(12)	2/22	Monopoly, Public Goods	PR: Ch10, 18	
M(13)	2/27	Public Goods	PR: Ch18	
W(14)	2/29	Choice under Uncertainty	PR: Ch5	
M(15)	3/05	Choice under Uncertainty	PR: Ch5	
W(16)	3/07	Midterm Exam		
M	3/12	No Class (Spring Break)		
W	3/14	No Class (Spring Break)		
M(17)	3/19	Rationality and Strategy	PR: Ch13	
W(18)	3/21	Static Games	PR: Ch13	
M(19)	3/26	Sequential Games	PR: Ch13	
W(20)	3/28	Repeated Games	Lecture Notes	
M(21)	4/02	Auction	Lecture Notes	Quiz 3 due
W(22)	4/04	Imperfect Competition	PR: Ch12	
M(23)	4/09	Imperfect Competition	PR: Ch12	
W(24)	4/11	Imperfect Competition	Lecture Notes	
M(25)	4/16	Information and Market	PR: Ch17	Quiz 4 due
W(26)	4/18	Information and Market	Lecture Notes	
M(27)	4/23	Institutions	Lecture Notes	
W(28)	4/25	Institutions	Lecture Notes	Quiz 5 due
M(29)	4/30	Review Session		

******* Final Exams are most likely to be held on May 7, Monday. I will confirm with you as long as they are finalized. *******

7. Class Policies and Exam Regulation

- a. 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.
- b. **There will be no make-up tests.** By enrolling in the course you are committing to take the tests on the scheduled dates. If a quiz is missed, it receives an automatic zero. If the **midterm** is missed for an approved reason, the weight of quizzes and final exam are increased to compensate for the missed midterm. Approval for a missed midterm will be **rare**, and only with appropriate written documentation from an authoritative source indicating why the student was unable to appear for the midterm. Normally, only a doctor's certification of a severe medical problem will suffice.
- c. Each quiz will address the subject matter that precedes it. The midterm covers the first part of the course. The final exam is cumulative.
- d. 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.
- e. 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.

8. 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.

9. Academic Accommodations Based on a Disability

“Any student requesting academic accommodations based on a disability are 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 the 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.”