

# **ECON 203**

## **Principles of Microeconomics**

### **Spring 2013**

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KAP306E

Office Hours: Wed 1-3pm and by appointment

#### **Course Description:**

Economics is the study of production and allocation of scarce resources, and how agents make decisions under conditions of scarcity and uncertainty. This course provides a rigorous introduction to economics, with special emphasis on microeconomics. It will introduce you to economics as a discipline and as a way of thinking. It will also provide you with a set of tools, which will be very useful in other economics courses.

We will first study the behavior of individual consumers and firms. Then we will give you some insight into how markets work and whether market outcomes are desirable. We will also look at situations in which the firm is a monopolist, or competes with a limited number of rivals. Some of the key concepts we will introduce include economic incentives, marginal analysis, opportunity cost (which costs matter), market efficiency (what does it mean for a market to work) and strategic behavior (how to predict and respond to your rivals' decisions). The tools that you will be acquainted with in this class are fundamental for most upper division courses of the Economics major as well as classes in Finance, Accounting and Marketing.

#### **Course Objectives:**

Successful completion of this course will result in a) Ability to intelligently observe and explain the functioning of markets, failures therein, and the justifications and consequences of various types of economic policies, and b) Ability to apply the critical economic thinking skills to analysis of consumer and firm behavior and their (strategic) interactions.

#### **Required Text:**

Case K. E., Fair R. C., Oster S. C., Principles of Microeconomics (10<sup>th</sup> edition), a custom edition is also available at USC Bookstore.

#### **Assessment:**

There will be 2 midterms and a final.

**2 midterm exams: 25% each**

**Comprehensive final exam: 35%**

Also in your discussion sections you will have **3 quizzes and 3 homework assignments worth 15%.**

Participation and performance in T.A. sections are important and required parts of the course. The large size of the lecture section makes it difficult to have discussions. The T.A. sections are small, less formal, and provide a more casual setting for discussions and questions. In addition, the graded midterm exams will be distributed and reviewed in the T.A. Sections.

**Academic Integrity Policy:**

We are committed to upholding the University's Academic Integrity code as detailed in the SCampus Guide.

It is the policy of the Economics Department to report all violations of the code. Any serious violation or pattern of violations of the Academic Integrity Code will result in the student's expulsion from the major or minor, or from the undergraduate program.

**Academic Accommodations**

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 as possible in the semester. DSP is located in STU 301, and is open 8.30am-5.00pm, Monday through Friday. The phone number for DSP is (213)-740-0776.

**Topics to be Covered:**

Week	Topic	Readings
Week 1.	Course overview and Introduction	CH 1
Week 2.	Scarcity and Choice.	CH 2
Week 3.	Demand, Supply and Market Equilibrium	CH 3
Week 4.	Demand and Supply Applications	CH 4
Week 5.	Elasticity and its Applications	CH 5
Week 6.	Household Behavior and Consumer Choice	CH 6

Feb 25<sup>th</sup>. First Midterm Exam

Week 7.	The Production Process	CH 7
Week 8.	Costs Structure and Output Decisions in the Short Run	CH 8
Week 9.	Costs Structure and Output Decisions in the Long Run	CH 9
Week 10.	General Equilibrium and the Efficiency of Perfect Competition	CH 12
Week 11.	Monopoly and Antitrust Policy	CH 13
Week 12.	Oligopoly	CH 14
Week 13.	Monopolistic Competition	CH 15

April 22<sup>nd</sup>. Second Midterm Exam

Week 14.	Externalities, Public Goods and Social Choice	CH 16
Week 15.	Uncertainty and Asymmetric Information	CH 17

May 10<sup>th</sup> 2pm Final Exam