

Fall 2017

ECON 303  
Intermediate Microeconomics

TTH, 2:00 – 3:50  
KAP 156

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Office Hrs: Tuesdays 12:00-1:30

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Microeconomic is foundation to all other economic theory. This course focuses on the following topics: Consumer choice theory, Production function and profit maximization, demand and supply, competitive market, monopoly, models of oligopoly, externalities and public goods and game theory. At the end, you will have tools to analyze a variety of economic problems.

### Learning Objectives

- Explain consumer choice theory and optimal bundle graphically as well as mathematically
- Explain income effect and substitution effect graphically and calculate each effect mathematically given the required information.
- Derive individual and aggregate demand functions.
- Explain producer theory graphically; find the optimal quantity of production, and optimal combination of input mathematically.
- Derive producer supply functions.
- Explain perfectly competitive markets and its implications for consumers, producers and aggregate economic welfare.
- Explain Monopoly and its implications for producers, consumers and aggregate economic welfare.
- Explain different types of market failures and its implications on aggregate economic welfare and the role of the government.
- Explain equilibrium in imperfectly competitive markets, its implications for producers, consumers and aggregate economic welfare.
- Explain and derive strategy profile for each player, explain domination, iterative domination and Best response function, mixed strategy profile and pure strategy and mixed strategy Nash equilibrium.

### Prerequisite:

Econ 203

### Required Materials

Microeconomics: Theory and Application With Calculus; 4<sup>th</sup> Edition, by *Jeffrey M. Perloff*

### Homework

All problem sets will be posted on the Blackboard. I will announce them in class when they are posted on the Blackboard, however, you are ultimately responsible for periodically checking the system to see whether you have work that is due. Each individual must submit their own entry, however, I encourage you to collaborate and work in groups. Detailed solutions will be posted on the web-site after the homeworks are collected. No late homeworks are accepted, **EVER!**

## Exams

It is your responsibility to show up on time for the exams. You may not make-up any exams after the scheduled exam dates unless for a valid reason such as illness (written proof required; a job interview is not a valid reason). There will be two mid-term exams and one cumulative final.

## Grading

Midterm1: 30%, Midterm2:30%, Final: 30%, Homework:10%. To calculate final grades I will take a weighted average of exams and homework grades and assign letter grades.

F < 59 ≤ D- < 62 ≤ D < 66 ≤ D+ < 69 ≤ C- < 72 ≤ C < 76 ≤ C+ < 79 ≤ B- < 82 ≤ B < 87 ≤ B+ < 90 ≤ A- < 93 ≤ A.

Topics – (All dates are tentative)

<b>Week</b>	<b>Topic</b>	<b>Chapters</b>
Aug 21	Introduction, The theory of consumer choice	1,3
Aug 28	The theory of consumer choice curve	3
Sep 4	Demand curve, Income and substitution effect Consumer Surplus	2, 4
Sep 11	Consumer Welfare, Expenditure function	5
Sep 18	Production, Review	6
Sep 25	Midterm Exam Sep. 26 <sup>th</sup> , Cost of production	7
Oct 02	Cost of production	7
Oct 09	Perfect Competition, Taxes, and subsidies	8, 9
Oct 16	Monopoly	11
Oct 23	Monopoly, Review	11
Oct 30	Midterm Exam Oct 31 <sup>st</sup> , Game theory	13
Nov 06	Game Theory	13
Nov 13	Oligopoly	14
Nov 20	Oligopoly	14
Nov 27	Decisions under uncertainty -Review	16
Dec 07	Final Exam- 2:00 – 4:00	

## Work Environment and Attendance Policy

- Endeavor to arrive on time.
- Turn cell phones off.
- In deference to those around you, refrain from talking.
- I will never end late on purpose, thus, don't pack up early.
- I take all forms of academic dishonesty very seriously because it damages the reputation of the school. I will report any such behavior to the Dean.

## Statement on Academic Conduct and Support Systems

### Academic Conduct

- Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity <http://equity.usc.edu/> or to the Department of Public Safety <http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us> . This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage [sarc@usc.edu](mailto:sarc@usc.edu) describes reporting options and other resources.

### Support Systems

- A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu/ali> , which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs [http://sait.usc.edu/academicssupport/centerprograms/dsp/home\\_index.html](http://sait.usc.edu/academicssupport/centerprograms/dsp/home_index.html) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.