

**Syllabus – Spring 2018**

**Professor:** Odilon Câmara  
**Office:** HOH-823 (Hoffman Hall)  
**Office Hours:** Mondays, 10:00am to 12:00pm  
**E-mail:** ocamara@marshall.usc.edu

---

**Course Description**

The main goal of this course is to show how microeconomic models can be used to guide business decisions. We will study the behavior of consumers and firms, and their implications to demand, supply and market equilibrium. We will analyze competitive markets, market failures, and the role of Government. The course also introduces basic principles of game theory and competitive strategy.

More generally, this course provides a rigorous foundation for the study of decision making problems. The student who successfully completes this course should be able to apply microeconomic analysis to issues of real world interest both within and beyond the area of business.

**Course Learning Objectives**

Upon completion of this course you will be able to:

1. Apply graphical and algebraic analytical techniques to the analysis of resource allocation through an understanding of economic theories and models.
2. Apply the basic demand-supply market model to goods markets and factor markets by identifying and analyzing the values of equilibrium prices and quantities as determined by market forces.
3. Differentiate and apply different aspects of neoclassical economic theory by examining the dynamics of consumer, firm, and market forces and calculating their impacts.
4. Apply the model of behavior in risky circumstances by calculating expected utility, expected income, and certainty equivalents.
5. Explain the role of game theory in economic models through game-theoretic representations.
6. Explore market power by examining the impact of monopoly and oligopoly on resource allocation.
7. Analyze the impact of various forms of government intervention in markets by calculating the changes in consumer and producer surplus, and deadweight loss.
8. Analyze the impact of asymmetric information on market efficiency through the examples of adverse selection, moral hazard, and financial markets.

**Alignment with Marshall School of Business Program Learning Goals**

**Learning Goals:** In this class, emphasis will be placed on the USC Marshall School of Business learning goals as follows:

Goal	Description	Course Emphasis
1	Our graduates will demonstrate critical thinking skills <i>so as to become future-oriented decision makers, innovators and decision makers in diverse and rapidly changing business environments</i>	High
2	Our graduates will develop people and leadership skills to promote their effectiveness as <i>business managers and leaders in the 21<sup>st</sup> century's evolving work and organizational structures</i>	Low
3	Our graduates will be effective communicators <i>to facilitate information flow in organizational, social, and intercultural contexts.</i>	Low
4	Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities <i>and aspire to add value to society</i>	Low
5	Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions <i>so as to anticipate new opportunities in any marketplace</i>	Moderate
6	Our graduates will understand types of markets and key business areas and their interaction <i>to effectively manage different types of enterprises</i>	High

### **Required Materials**

In my experience, some students strongly benefit from reading the textbook, while others find it unnecessary. Therefore, the textbook is recommended, but not required. The recommended textbook for our class is Microeconomics for Business (Fourth Custom Edition for USC). This book was custom made for our class. It contains 15 chapters from the book Microeconomics by Pindyck and Rubinfeld, 9<sup>th</sup> edition, and 3 chapters from the book Microeconomics by Hubbard and O'Brien, 6<sup>th</sup> edition. Some books may come with a complimentary subscription to MyEconLab. However, I will only use the textbook; the Study Guide and MyEconLab will not be used in our class.

This is an expensive book, so some students may prefer to look for a used textbook. It is fine to buy the First, Second or Third Custom Edition for USC. It is also Ok to buy the book Microeconomics by Pindyck and Rubinfeld (7th, 8th or 9th editions). Obviously, the major difference between our custom book and the original Microeconomics by Pindyck and Rubinfeld is the addition of three chapters from Hubbard and O'Brien, and the exclusion of chapters that we will not cover in our class.

Additional required material (slides, past exams, etc.) will be available on Blackboard (<http://blackboard.usc.edu>) as pdf documents. They will not be handed out in class. You are responsible for the timely download of the material. During the semester, I will upload pdf files with practice questions, and I will call them "homework". The homework will not be graded/you will not receive credit, but I will provide the answer key. Although the homework will not be graded, these practice questions are a very important part of our class – students who carefully study the homework obtain significantly better grades on the exams.

It is always beneficial to do the required reading before class (see the last page of this syllabus). Also, the slides posted on Blackboard are not a complete record of what I say in class, so attending lectures, taking notes, and asking questions will be required to successfully complete the course.

**Prerequisites**

Although our focus will be on the intuition behind the microeconomic models and their real world consequences, the use of mathematics (in particular, algebra and calculus) will be fundamental to analyze and understand such models. For example, you may be asked to draw and interpret graphs representing demand and supply, to solve a system of equations describing a competitive market, or to compute the derivative of a profit function. MATH 118 is a prerequisite for ECON 351x. Therefore, I expect students to have a good understanding of the material covered in that class.

**Grading Policies:**

Grades will be assigned according to the following weights:

Quizzes (3 out of 4)	36%
Midterm	31%
Final Exam	33%

There will be 4 quizzes. Your lowest quiz grade will be ignored, so that each remaining quiz corresponds to 12% of your final grade.

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:

$$\text{Semester Score} = 0.12 * \text{Best Quiz} + 0.12 * \text{Second Best Quiz} + 0.12 * \text{Third best quiz} + 0.31 * \text{Midterm} + 0.33 * \text{Final Exam}.$$

If your Semester Score is between zero and 49 points (inclusive), you will receive a failing grade (F). A score between 50 and 59 points (inclusive) receives 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 class performance. There will be no “curve” or hard target for the distribution of grades. Your grade will reflect my best judgment of your class performance, as indicated by your performance on the exams. However, I will attempt to follow the School’s recommended **mean** GPA target: 3.0 (B).

Tentative Exam Dates:

Quizzes	(1) Tuesday Jan/30, (2) Tuesday Feb/27, (3) Tuesday Apr/03, (4) Tuesday Apr/24
Midterm	Tuesday, Mar/06
Final Exam Schedule	<a href="http://classes.usc.edu/term-20181/finals/">http://classes.usc.edu/term-20181/finals/</a>
Section	Final Exam
Regular class starting at 10am T-Th:	Tuesday, May/08, 11:00am to 1:00pm
Regular class starting at 12pm T-Th:	Wednesday, May/09, 2:00pm to 4:00pm
Regular class starting at 2pm T-Th:	Thursday, May/03, 2:00pm to 4:00pm

In **rare** occasions, the dates of the exams might need to be changed. In that case, I will notify students through Blackboard as soon as possible.

University policy requires the final exam to be given at the time indicated by the University's final exam schedule. Instructors do not have discretion to grant exceptions to this policy. No student is allowed to take the final exam earlier or to skip the final exam.

**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.

Each quiz will address the subject matter that precedes it. The midterm covers the first part of the course. The final exam is cumulative.

Regrades must be requested within one week of the day the exam was returned to the class. The student must submit a written and precise explanation of why he/she thinks 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.

### ADDITIONAL INFORMATION

#### Academic Integrity and Conduct

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 (plagiarism). 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. All students are expected to understand and abide by the principles discussed in the SCampus, the Student Guidebook ([www.usc.edu/scampus](http://www.usc.edu/scampus) or <http://scampus.usc.edu>). A discussion of plagiarism appears in the University Student Conduct Code (section 11.00 and 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.

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://dps.usc.edu/contact/report/>. This is important for the safety of the 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. Relationship and Sexual Violence Prevention and Services (RSVP) <https://engemannshc.usc.edu/rsvp/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

## **Support Systems**

### *Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

<https://engemannshc.usc.edu/counseling/>

### *National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

### *Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

### *Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

### *Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

### *Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

### *Student Support & Advocacy – (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

### *Diversity at USC – <https://diversity.usc.edu/>*

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

## **Students with Disabilities**

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs ([www.usc.edu/disability](http://www.usc.edu/disability)). DSP provides certification for students with disabilities and helps arrange the relevant 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 (or to your TA) as early in

the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: [ability@usc.edu](mailto:ability@usc.edu).

### **Additional help for Marshall core courses:**

Marshall Academic Resources include our Core Review Sessions and Cracking the Core workshops.

**Core Review Sessions** are a supplement to classroom instruction and are led by Peer Academic Leaders (PALs) who assist students in understanding difficult concepts and building study skills and confidence in selected core course subjects. Core Review Sessions are currently offered for the following courses: ECON 351, ECON 352, BUAD 280, BUAD 306, BUAD 310, and BUAD 311. Core Review Sessions are similar to group tutoring and most effective when students attend class regularly and actively engage in the process of thinking critically about the course content.

**Cracking the Core** was developed in consultation with faculty and is designed for PALs to help students review the necessary background knowledge and preparation required for success in ECON 351.

For more information please visit the page <https://www.marshall.usc.edu/current-students/marshall-academic-resources>

### **Other Policies**

Please turn off your cellular phones before entering the classroom. They may not be used during classes. Since your phone should be turned off, texting during class is not only disrespectful, but it is also a serious violation of class policy.

It is your responsibility to regularly access Blackboard (<http://blackboard.usc.edu>) to receive any additional material and important announcements related to this class.

Students are strongly encouraged to ask questions during class and during office hours. Most times it is not feasible to give a comprehensive answer to questions sent to me by e-mail. If you send me a question by e-mail and I believe that it is not feasible to give a satisfactory answer to that question by e-mail, I will ask you to come to my office hours

## COURSE CALENDAR/READINGS/CLASS SESSIONS

This is our tentative schedule. When necessary, changes will be announced on Blackboard.

	<b>Activities and Reading Material</b> <b>Book:</b> Microeconomics for Business (4 <sup>th</sup> Edition)
<b>Week 1</b> Jan/9,11	Chapter 1. Economics: Foundations and Models Chapter 5. Consumer Behavior
<b>Week 2</b> Jan/16,17	Chapter 6. Individual and Market Demand
<b>Week 3</b> Jan/23,25	Section 4.4 Elasticities of Supply and Demand Chapter 7. Uncertainty and Consumer Behavior
<b>Week 4</b> Jan/30, Feb/1	** QUIZ 1 (Chapters 5 to 7, and Section 4.4) Chapter 8. Production
<b>Week 5</b> Feb/6,8	Chapter 9. The Cost of Production Chapter 10. Profit Maximization and Competitive Supply
<b>Week 6</b> Feb/13,15	Chapter 4. The Basics of Supply and Demand Chapter 11. The Analysis of Competitive Markets
<b>Week 7</b> Feb/20,22	Chapter 2. Trade-offs, Comparative Advantage, and Market System
<b>Week 8</b> Feb/27,Mar/1	** QUIZ 2 (Chapters 8 to 11, 2 and 4) Chapter 12. Market Power: Monopoly and Monopsony
<b>Week 9</b> Mar/6,8	** MIDTERM (Chapters 4 to 11, and 2) Chapter 13. Pricing with Market Power
Mar/13,15	Spring Break
<b>Week 10</b> Mar/20,22	Chapter 14. Monopolistic Competition and Oligopoly
<b>Week 11</b> Mar/27,29	Chapter 15. Game Theory and Competitive Strategy
<b>Week 12</b> Apr/3,5	** QUIZ 3 (Chapters 12 to 14) (Finish Chapter 15)
<b>Week 13</b> Apr/10,12	Chapter 17. Markets with Asymmetric Information
<b>Week 14</b> Apr/17,19	Chapter 18. Externalities and Public Goods
<b>Week 15</b> Apr/24,26	** QUIZ 4 (Chapters 15, 17, 18) Review for the Final Exam
<b>FINAL</b>	** FINAL EXAM (Cumulative, all Chapters)