Econ 351: Microeconomics for Business Prerequisite: Math 118

Spring, 2020 Class Tuesday-Thursday

Mr. Cunningham [jpcunnin@marshall.usc.edu](mailto:jpcunnin@marshall.usc.edu) Office: 215 Hoffman Hall

Textbook: Microeconomics for Business (Custom edition for USC, Pearson)

by Robert S. Pindyck and Daniel L. Rubinfeld (PR), and

R. Glenn Hubbard and Anthony Patrick O’Brien (HO).

Grading: 5 Quizzes, 25%; Exam 1, 20%; Exam 2, 20%; Final, 35%. There *may* also be additional

Points for attendance credit in the second half of the course, based on a sign-up sheet.

Learning Objectives:

1. Apply graphical and algebraic analytical technics 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 by representing various game-theoretic interactions.
6. Explore market power by examining the impact of monopoly, monopsony, and oligopoly on resource allocation.
7. Apply concepts of comparative advantage through calculation of gains from exchange, given two countries’ (or individuals’) production possibilities frontiers.
8. Analyze the impact of various forms of government interference in markets by calculating the changes in consumer and producer surplus, and deadweight loss.
9. Analyze the impact of asymmetric information on market efficiency by explaining examples of adverse selection, moral hazard, and the principal-agent problem.
10. Understand public goods, and positive and negative externalities and how they relate to potential market failure.

**ALIGNMENT WITH MARSHALL SCHOOL OF BUSINESS PROGRAM LEARNING GOALS**

The above course learning objectives support primarily the first three of The Marshall School of Business’ program goals:

1. Our graduates will have an understanding of the key business areas and their interplay *to effectively manage different types of modern enterprise.*
2. Our graduates will have a global mindset *demonstrating an understanding of the interplay of local, regional, and international markets, and economic, social and cultural issues.*
3. Our graduates will demonstrate critical thinking skills, decision-making, and problem-solving abilities to *strategically navigate complex demands of business environments.*
4. Our graduates will demonstrate leadership skills, *aspiring to be informed, sensible, future-oriented leaders and innovators.*
5. Our graduates will demonstrate ethical reasoning skills, understand social, civic and professional responsibilities and aspire to add value to society.
6. Our graduates will be effective communicators in speaking and writing *to facilitate information flow in organizational, social, and intercultural contexts.*

## **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](https://urldefense.proofpoint.com/v2/url?u=http-3A__www.suicidepreventionlifeline.org_&d=DwMFAg&c=clK7kQUTWtAVEOVIgvi0NU5BOUHhpN0H8p7CSfnc_gI&r=_36nnFETM-Q6pZ6iq9FbkRLnOqB2hAKf3hpB7emICZo&m=E2UsZJRCMqi9OEfKUeqk9Y1uY3eDgl_cjSeDni9P-3s&s=twu831aNHupJnoiSEzsXZ1lmq9yCzJvEv35V5v5dYAY&e=)

*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/>

*The Office of Disability Services and Programs*

Provides certification for students with disabilities and helps arrange relevant accommodations. [dsp.usc.edu](http://dsp.usc.edu/)

*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/*](https://diversity.usc.edu/)

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

*USC Emergency Information*

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible. [emergency.usc.edu](http://emergency.usc.edu)

*USC Department of Public Safety – UPC: (213) 740-4321 – HSC: (323) 442-1000 – 24-hour emergency or to report a crime.*

Provides overall safety to USC community. [dps.usc.edu](http://dps.usc.edu/)

Statement from Disability Services and Programs

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.

Academic Dishonesty

 “The Use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination, or other class work is unacceptable to the University.  It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations.  Where a clear violation has occurred, however, the instructor may disqualify the student’s work as unacceptable and assign a failing mark on the paper.” (SCampus)

Missed Quiz or Exam Policy

Quizzes and exams must be taken on the day they are scheduled at the time specified (check below for class schedule). If you are unable to attend the day of a quiz or exam, you must let me know at least 24 hours in advance. If you are ill, then you must provide me with a doctor’s note prior to the scheduled class time. Other than those instances, there will be no exceptions and you will receive a 0 for that quiz or exam. *If you make an appointment for a makeup quiz or exam, and you fail to show up, you will receive a 0 for that quiz or exam*. *No exceptions.*

Dates Reading Topics

1-14 1-16 HO 1 Economics: Foundations and Models

Appendix: Using Graphs and Formulas

1-21 1-23 HO 2 Trade-offs, Comparative Advantage, and the Market System

PR 2 The Basics of Supply and Demand

PR 3 Consumer Behavior

1-28 1-30 PR 4 **Quiz 1**; Individual and Market Demand

2-4 2-6 PR 5 Uncertainty and Consumer Behavior

2-11 **Exam 1**

2-13 PR 6 Production

2-18 2-20 PR 7 The Cost of Production

2-25 2-27 PR 8 **Quiz 2**; Profit Maximization and Competitive Supply

3-3 3-5 PR 9 The Analysis of Competitive Markets

3-10 3-12 **Spring Break—No Class**

3-17 3-19 PR 10 **Quiz 3**; Market Power: Monopoly and Monopsony

PR 11 Pricing with Market Power

3-24 **Exam 2**

3-26 PR 12 Monopolistic Competition and Oligopoly

3-31 4-2 PR 13 Game Theory and Competitive Strategy

4-7 4-9 PR 14 **Quiz 4**; Markets for Factor Inputs

4-14 4-16 PR 14 Markets for Factor Inputs (continued)

PR 17 Markets with Asymmetric Information

4-21 4-23 PR 17 Markets with Asymmetric Information (continued)

4-28 4-30 PR 18 **Quiz 5**; Externalities and Public Goods

**Finals Schedule subject to change:**

**Thursday 5-7 4:30 PM-6:30 PM** **Final Exam (4-5:50 MW Section)**

**Thursday 5-7 7:00 PM-9:00 PM** **Final Exam (6-6:50 MW Section)**

**Finals Schedule:** https://classes.usc.edu/term-20201/finals/