

USC Marshall School of Business

ECON 351x – Microeconomics for Business

Syllabus – Spring 2022 –	26352R	2:00-3:50pm	Thursdays	JFF LL125
	26354R	4:00-5:50pm	Thursdays	JFF LL125
	26356R	6:00-7:50pm	Thursdays	JFF LL125

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Office Hours (via Zoom): Mondays 2pm to 3pm (Zoom)

Tuesdays 2pm to 3pm (Zoom)

The Zoom link for Office Hours is posted on Blackboard

Course Administrator: Marc Choueiti,

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Course Description

The main goal of this course is to show how microeconomic models can be used to guide business decisions. This is a course designed for business majors, with key departures from standard introductory microeconomics courses. We will study the behavior of consumers and firms, and their implications for demand, supply and market equilibrium. We will analyze competitive markets, market failures, and the role of government. To reflect rising concentration in markets we will spend some time on the implications of market power on firm pricing decisions and profits. The course also introduces basic principles of game theory and competitive strategy.

This course is designed to prepare students for future business courses, including finance, marketing, and strategy. The models, methods, and case studies have been selected with a focus on business relevant applications. For example, the economics of consumer choice underlies much of modern marketing strategy, including pricing, segmentation and advertising. The theory of the firm contributes to a sound understanding of cost accounting as well as production decisions. Economic analysis of intertemporal decisions and behavior in a risky environment form the foundation of finance. Finally, the study of market failure and industrial structure is necessary for an understanding of government's role in a market economy and the political environment for business.

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

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.

Required Materials

We will use the book “Microeconomics for Business,” by Odilon Câmara and Anthony Marino. You can download the pdf from Blackboard (<http://blackboard.usc.edu>). There is no printed version of this book, only the electronic version. This is the most important reading material for this class. Throughout this syllabus, whenever we refer to a chapter number, we are referring to the chapter number of these lecture notes.

Along the semester, I will continue to upload to Blackboard other pdf files with additional required material (practice questions, etc.).

Prerequisites and/or Recommended Preparation:

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.

Course Notes:

This course has a combination of asynchronous and synchronous lectures. Each week has asynchronous lectures where students watch the weekly videos prior to the synchronous meeting. Access to the videos will be made available in Blackboard with the indication of the synchronous meeting that will follow the asynchronous material.

Classroom Policies – Spring 2022

1. Active class participation is important in achieving the learning objectives for this course. Unless students provide an accommodation letter from USC OSAS or from Marshall detailing visa or travel restrictions, attendance and active participation is expected in the classroom.
2. Any student with such accommodations should submit their accommodation document to their instructor as soon as possible. Your instructor will then provide regular access to a recording of the class and an opportunity to regularly make up missed in-class participation.
3. Students who are experiencing illness should not attend class in person. Please inform the instructor in advance of the class session to discuss what accommodations will be made to allow for the make-up of missed class work and missed in-class participation. Students will not be penalized for not attending class in person under these circumstances.

Grading Policies / Detail

<u>ASSIGNMENTS</u>	<u>Points</u>	<u>% of Grade</u>
First midterm exam	30	30.0%
Second midterm exam	30	30.0%
Final Exam	30	30.0%
Homework	<u>10</u>	<u>10.0%</u>
TOTAL	100	100.0%

Tentative Assignments Dates (subject to change)

Midterm 1: Thursday Feb/17	
Midterm 2: Thursday Mar/31	
Final Exam: Thursday May/05	
Section	Final Exam
26352 - Regular class at 2:00pm-3:50pm	May/05, 2:00pm to 4:00pm
26354 - Regular class at 4:00pm-5:50pm	May/05, 4:30pm to 6:30pm
26356 - Regular class at 6:00pm-7:50pm	May/05, 7:00pm to 9:00pm
Homework: due Tuesdays at 11:59pm (there is no homework during the first week of classes)	

Each course requirement receives a numerical score but not a letter grade. The overall numerical score in the course (see the semester score below) is converted into a letter grade at the end of the semester in accordance with the Marshall School guidelines. Letter grades represent how you perform in the class relative to other students. The average grade for this class is expected to average about 3.3 (corresponding to a B+). Three items are considered when assigning final grades:

1. Your average weighted score as a percentage of the available points for all assignments (the points you receive divided by the number of points possible. See the semester score example below).
2. The overall average percentage score within the class.
3. Your ranking among all students in the class.

I will not assign any kind of extra credit activities (papers, projects, etc.).

Homework - It is critical for students to watch the videos and complete the homework before the synchronous class. The goal of each homework is to check your understanding of the asynchronous material due each week. With this goal in mind, the weekly homework will be due on Tuesdays at 11:59pm. It is your responsibility to watch the videos and work on the homework early, to meet this deadline. We do not have homework on the first week of classes, and on the weeks of Midterms 1 and 2.

We will have 12 graded homework assignments. Each graded homework will be completed via Blackboard and will be worth 1 point (up to the limit of 10 homework points in the semester). Each homework will usually be posted on Blackboard on a Wednesday, then it will be due on the following Tuesday at 11:59pm. A student receives 1 point for the homework if the homework is submitted on time (before the due date) **and** the student correctly answered at least half of the questions on the homework. A homework that is submitted late or a homework that does not correctly answer at least half of the questions receives zero points. The homework must be turned in electronically via Blackboard before the due date. Any assignment turned in late, even if by only a few minutes, will not receive the point.

Note that a student may receive at most 10 homework points in the semester, even if they correctly submit all 12 homework assignments. This means that 2 homework assignments are dropped. The goal of this

which you request that I re-evaluate the assignment. Explain fully and carefully why you think the assignment should be re-graded. Be aware that the re-evaluation process can result in three types of grade adjustments: positive, none, or negative.

Returned assignments, unclaimed by a student, will be discarded after 4 weeks; hence, they will not be available should a grade appeal be pursued by a student following receipt of their course grade. The final exam will be retained for one year after the end of the course.

COURSE CALENDAR

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

Weeks	Topic	Activities/Assignments	Due Date
Week 1: Jan/10-14 Synchronous Meeting on Jan/13	Chapter 1: Introduction and Chapter 2: Math Review	<ul style="list-style-type: none"> • Read the syllabus • View Chapter 2 videos (there are no videos for Chapter 1) • Read Chapters 1 and 2 	Jan/11
Week 2: Jan/17-21 Synchronous Meeting on Jan/20	Chapter 3: Production Choices Part 1 (Up to Section 3.4.5)	<ul style="list-style-type: none"> • View Chapter 3 - Part 1 videos • Read Chapter 3 (up to Section 3.4.5) • Complete the Chapter 3 – Part 1 homework on Blackboard 	Jan/18
Week 3: Jan/24-28 Synchronous Meeting on Jan/27	Chapter 3: Production Choices Part 2 (Starting from Section 3.4.6)	<ul style="list-style-type: none"> • View Chapter 3 - Part 2 videos • Read Chapter 3 (starting from Section 3.4.6) • Complete the Chapter 3 – Part 2 homework on Blackboard 	Jan/25
Week 4: Jan/31-Feb/04 Synchronous Meeting on Feb/03	Chapter 4: Consumption Choices	<ul style="list-style-type: none"> • View Chapter 4 videos • Read Chapter 4 • Complete the Chapter 4 homework on Blackboard 	Feb/01
Week 5: Feb/07-11 Synchronous Meeting on Feb/10	Chapter 5: Market Equilibrium	<ul style="list-style-type: none"> • View Chapter 5 videos • Read Chapter 5 • Complete the Chapter 5 homework on Blackboard 	Feb/08

Weeks	Topic	Activities/Assignments	Due Date
Week 6: Feb/14-18	EXAM MID-1	First Midterm on Feb/17 Mid 1 covers Chapters 2, 3, 4, and 5	Feb/17
Week 7: Feb/21-25 Synchronous Meeting on Feb/24	Chapter 13: Externalities and Public Goods	<ul style="list-style-type: none"> • View Chapter 13 videos • Read Chapter 13 • Complete the Chapter 13 homework on Blackboard 	Feb/22
Week 8: Feb/28-Mar/04 Synchronous Meeting on Mar/03	Chapter 6: Monopoly	<ul style="list-style-type: none"> • View Chapter 6 videos • Read Chapter 6 • Complete the Chapter 6 homework on Blackboard 	Mar/01
Week 9: Mar/07-11 Synchronous Meeting on Mar/10	Chapter 7: Price Discrimination	<ul style="list-style-type: none"> • View Chapter 7 videos • Read Chapter 7 • Complete the Chapter 7 homework on Blackboard 	Mar/08
Mar/14-18	Spring Break		
Week 10: Mar/21-25 Synchronous Meeting on Mar/24	Chapter 8: Uncertainty	<ul style="list-style-type: none"> • View Chapter 8 videos • Read Chapter 8 • Complete the Chapter 8 homework on Blackboard 	Mar/22
Week 11: Mar/28-Apr/1	EXAM MID-2	Second Midterm on Mar/31 Mid 2 covers Chapters 13, 6, 7, and 8	Mar/31
Week 12: Apr/04-08 Synchronous Meeting on Apr/07	Chapter 9: Game Theory Part 1 – Static Games	<ul style="list-style-type: none"> • View Chapter 9 videos • Read Chapter 9 • Complete the Chapter 9 homework on Blackboard 	Apr/05

Weeks	Topic	Activities/Assignments	Due Date
Week 13: Apr/11-15 Synchronous Meeting on Apr/14	Chapter 10: Game Theory Part 2 – Dynamic Games	<ul style="list-style-type: none"> • View Chapter 10 videos • Read Chapter 10 • Complete the Chapter 10 homework on Blackboard 	Apr/12
Week 14: Apr/18-22 Synchronous Meeting on Apr/21	Chapter 11: Asymmetric Information	<ul style="list-style-type: none"> • View Chapter 11 videos • Read Chapter 11 • Complete the Chapter 11 homework on Blackboard 	Apr/19
Week 15: Apr/25-29 Synchronous Meeting on Apr/28	Chapter 12: Incentives and Contracts	<ul style="list-style-type: none"> • View Chapter 12 videos • Read Chapter 12 • Complete the Chapter 12 homework on Blackboard 	Apr/26
Final Exam:		Final Exam covers Chapters 9, 10, 11 and 12. The final will be on Thursday, May/05. For section 26352R (regular synchronous classes at 2pm), the final exam will start at 2pm. For section 26354R (regular synchronous classes at 4pm), the final exam will start at 4:30pm. For section 26356R (regular synchronous classes at 6pm), the final exam will start at 7pm.	

Please note: The date/time of the Final Exam is determined by the University. Consult the USC *Schedule of Classes* at <https://classes.usc.edu>

ADDITIONAL INFORMATION

Technology Policy

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 violation of class policy.

Students may use laptops and tablets during class exclusively to take notes.

Videotaping faculty lectures is not permitted due to copyright infringement regulations. Audiotaping may be permitted after written approval by the professor.

Exceptions to this policy may be granted to individual students with appropriate documentation on a case-by-case basis.

Use of Recordings

Pursuant to the USC Student Handbook (www.usc.edu/scampus, Part B, 11.12), students may not record a university class without the express permission of the instructor and announcement to the class. In addition, students may not distribute or use notes or recordings based on University classes or lectures without the express permission of the instructor for purposes other than personal or class-related group study by individuals registered for the class. This restriction on unauthorized use applies to all information that is distributed or displayed for use in relationship to the class.

Posting or distributing class material on the internet, social media platforms or other means, even if not for profit, constitutes a **copyright infringement** and a violation of class policy. This includes but is not limited to all material posted on Blackboard and all the material handed to you in class. For example, homework questions, exam and sample exam questions, answer keys, the book “Microeconomics for Business” or parts of the book, slides, video and audio recordings.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC’s Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies.

If for some reason we are not able to hold an in-person class on campus, we will try to hold a remote lecture via Zoom. In this case, I will post an announcement and the link information on Blackboard.

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 Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on Research and Scholarship Misconduct.

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University’s educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined

to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

Counseling and Mental Health - (213) 740-9355 – 24/7 on call

studenthealth.usc.edu/counseling

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

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call

suicidepreventionlifeline.org

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355(WELL), press “0” after hours – 24/7 on call

studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office for Equity, Equal Opportunity, and Title IX (EEO-TIX) - (213) 740-5086

eetix.usc.edu

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298

usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

The Office of Student Accessibility Services (OSAS) - (213) 740-0776

osas.usc.edu

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

USC Campus Support and Intervention - (213) 821-4710

campussupport.usc.edu

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity, Equity and Inclusion - (213) 740-2101

diversity.usc.edu

Information on events, programs and training, the Provost’s Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Office of the Ombuds - (213) 821-9556 (UPC) / (323-442-0382 (HSC)
ombuds.usc.edu

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

Occupational Therapy Faculty Practice - (323) 442-3340 or otfp@med.usc.edu
chan.usc.edu/otfp

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

Appendix I



Undergraduate Program Learning Goals and Objectives (last update 12/21/17)

Learning goal 1: Our graduates will demonstrate critical thinking skills so as to become future-oriented problem solvers, innovators and decision makers in diverse and rapidly changing business environments.

- Students will demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies
- Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking
- Students will critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world
- Students will be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems
- Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas

Learning Goal 2: Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures.

- Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.
- Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.
- Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)

Learning Goal 3: Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts.

- Students will identify and assess diverse personal and organizational communication goals and audience information needs
- Students will demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts
- Students will understand individual and group communications patterns and dynamics in organizations and other professional contexts

Learning goal 4: Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society.

- Students will recognize ethical challenges in business situations and assess appropriate courses of action
- Students will understand professional codes of conduct

Learning goal 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 so as to anticipate new opportunities in any marketplace.

- Students will understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world
- Students will understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.

Learning goal 6: Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises.

- Students will demonstrate foundational knowledge of core business disciplines, including business analytics and business economics
- Students will understand the interrelationships between functional areas of business so as to develop a general perspective on business management
- Students will apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets)
- Students will be able to use technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices

Marshall Undergraduate Program Goals and Course Learning Objectives Alignment Table

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

Goal	Marshall Program Learning Goal	Course Objectives that support this goal
1	<p>Our graduates will demonstrate critical thinking skills so as to become future-oriented decision makers, problem solvers and innovators. Specifically, students will:</p> <p>1.1 Students will understand the concepts of critical thinking, entrepreneurial thinking and creative thinking as drivers of innovative ideas (not explicit for this course).</p> <p>1.2 Critically analyze concepts, theories and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others and translating them to the real world.</p> <p>1.3 Be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems.</p> <p>1.4 Demonstrate the ability to anticipate, identify and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies.</p> <p>1.5 Students will demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking.</p>	1-4, 7-8
2	<p>Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures. Specifically, students will:</p> <p>2.1 Students will recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors)</p>	8

	<p>2.2 Students will recognize, understand and analyze the roles, responsibilities and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.</p> <p>2.3 Students will understand factors that contribute to effective teamwork including how to elicit, manage and leverage diverse perspectives and competencies.</p>	
3	<p>Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts. Specifically, students will:</p> <p>3.1 Identify and assess diverse personal and organizational communication goals and audience information needs.</p> <p>3.2 Understand individual and group communications patterns and dynamics in organizations and other professional contexts.</p> <p>3.3 Demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts.</p>	5
4	<p>Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society. Specifically, students will:</p> <p>4.1 Understand professional codes of conduct.</p> <p>4.2 Recognize ethical challenges in business situations and assess appropriate courses of action.</p>	8
5	<p>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 so as to anticipate new opportunities in any marketplace. Specifically, students will:</p> <p>5.1 Understand how local, regional and global markets interact and are impacted by economic, social and cultural factors.</p> <p>5.2 Understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor) and business practices vary across regions of the world.</p>	1
6	<p>Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises. Specifically, students will:</p> <p>6.1 Demonstrate foundational knowledge of core business disciplines, including business analytics and business economics.</p> <p>6.2 Understand the interrelationships between functional areas of business so as to develop a general perspective on business management.</p> <p>6.3 Apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor and labor markets).</p> <p>6.4 Show the ability to utilize technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices.</p>	1-8