Overview: The objective of this course is to teach the basic principles of modern microeconomics and their usefulness in making business decisions. The course proceeds by first considering the economic determinants of consumer choice, followed by an examination of the firms’ pricing and output responses (in both competitive and monopolistic settings). The remainder of the course analyzes the effect of market structure and business strategy on prices, production and profit, with some emphasis on the presence of incomplete information and uncertainty.

Online Office Hours: Thursdays 8-9pm by appointment only

I have indicated the corresponding chapters for each module. I suggest that before you buy the book you take a look at the material I will make available to you (lecture notes and narrated lecture) and only purchase it if you think you need further explanation on the topics.

Course structure: The course will have 4 asynchronous components which you will find posted in Sakai:

1. A narrated lecture.
2. A set of written lecture notes.
3. A narrated exercise-solving session.
4. A set of practice exercises with answers. These will not be graded since I will give you the answers. I would urge you, however, to work on the practice problems during the week that they are assigned since the material will still be fresh on your mind. I will base the midterm and final exams on exercises that are similar to these exercises.
**Grading:**

There will be two exams in the course, one midterm and a final exam. Both exams will be held online, the exams will be available for a 12 hour period to accommodate your different schedules, however, you will only have one hour to complete the exam once you decide to open it. The midterm exam is scheduled for **October 8**, (opens at 3pm and closes on 10/09 at 3pm) and the final exam is scheduled for **December 3** (opens at 3pm and closes on 12/04 at 3pm). It is every student's responsibility to be available and prepared to take these exams at the above mentioned dates and times.

There will also be two quizzes which will be held online as well and just like the exams, these will be available for a twelve-hour period but you must complete them within an hour of opening them. The first quiz is scheduled for 09/10 and the second for 11/07.

In case there are schedule conflicts, it is the student's responsibility to inform the instructor at the earliest possible time. Only in unusual circumstances, will the exam or quiz be re-scheduled. This decision will be made at the discretion of the instructor. The relative weight of quizzes and exams on the final grade is as follows:

- **Quiz 1** 10%
- **Quiz 2** 10%
- **Midterm** 35%
- **Final** 45%

**Mathematics:** The math requirements for this course are:

- The ability to graph a linear equation in a two-dimensional space.
- The ability to solve two equations in two variables for points at which both equations are true.
- A solid understanding of the information provided by the derivative of a function; the short answer is “the slope of a function at a point.”
- The ability to differentiate very simple equations such as $f(x) = a + bx + ax^2$ (the derivative of this function is $f'(x) = b + 2ax$).

The first 2 ideas are absolutely essential; the remaining 2 ideas will be used occasionally. A good way to prepare for the technical aspects of the course, particularly if you do not have a technical
background, is to review the first two chapters of:

*PreMBA Analytical Primer: Essential Quantitative Concepts for Business Math*


I will start my lectures with the assumption that everyone is comfortable with this level of math. The course is about economics, not mathematics. I will use mathematics to communicate the rather subtle ideas, which will otherwise be difficult to explain using simple English.

**Technical Information:** In order to successfully complete this online class, it is very important that you fulfill the minimal technology requirements. These are:

- **Internet Connection:** Broadband DSL or Cable internet
- **Computer:** 2Ghz+ CPU, 2GB RAM
- **Operating System:** Windows (XP, Vista, or 7) or Mac OS X (10.6 Snow Leopard)
- **Web Browser:** Internet Explorer 7+ or Mozilla Firefox 3+

**Technology Support:** During the course, if you need help with technology related issues, Help Desk can be reached at extension 4-4444 from on campus or 773-508-7190 or 773-508-4487 from off campus. Help Desk can also be reached at helpdesk@luc.edu. Help Desk office hours are 8:00 a.m. 6:00 p.m., Monday through Friday.

**Academic Honor Code:** All students in attendance at Loyola University Chicago are expected to be honorable and observe standards of conduct appropriate to a community of scholars. The code of academic conduct for Loyola University Chicago can be found in the Student Handbook. Every student must read and be familiar with these policies. Speak with the instructor if you have any questions about these policies.

**Academic Honesty Policy:** All acts of dishonesty in work constitute academic misconduct. This includes, but is not limited to cheating, plagiarism, fabrication of information, and abetting any of the above. Plagiarism involves copying the words of any work published by another person, *including text on the internet*, and presenting that work as your own. Acts of academic dishonesty as defined in the Undergraduate Catalog will result in disciplinary procedures of all parties involved. The code of academic conduct and academic misconduct disciplinary procedures will be followed in the event that academic misconduct occurs.
Syllabus
Intermediate Microeconomics (ECON 303)
Quinlan School of Business, Loyola University Chicago

MODULE 1 (09/01-09/25)
Topics:

- Math refresher; supply and demand analysis with several applications.
- Supply and demand analysis; elasticities and the revenue/expenditure relationship.

Reading:
- PreMBA Analytical Primer (chapters 1 and 2). This is optional reading for those of you that need additional help with the math refresher.
- Baye chapter 2 (up to page 51)

MODULE 2 (09/08-09/12)
Topics:

- Consumer choice, consumer preferences, budget constraints.
- Derivation of individual demand. Market aggregation.

Reading: Baye chapter 3

During the week of 09/15-09/19 there are no scheduled sessions but we have QUIZ 1
The quiz opens at 3pm on 09/17 and closes on 09/18 at 3pm.

MODULE 3 (10/22-10/26)
Topics:


Reading: Baye chapter 12 (up to page 454)

MODULE 4 (09/29-10/03)
Topics:

- Production and cost functions.
- Profit maximization.

Reading: Baye chapter 5

During the week of 10/06-10/10 there is no session but we have the MIDTERM EXAM
It opens on 10/08 at 3pm and closes on 10/09 at 3pm. (The exam covers Modules 1-4)

Week of 10/06-10/10 No class (Fall Break)
MODULE 5 (10/20-10/24)
Topics:
- Firm supply function.
- Market supply.
- Competitive markets.
Reading: Baye chapter 8

MODULE 6 (10/27-10/31)
Topics:
- Taxes and subsidies
- Price ceilings and price floors.
Reading: Baye chapter 2 (page 52 onwards)

During the week of 11/03-11/07 there is no session but we have QUIZ 2
It opens on 11/05 at 3pm and closes on 11/06 at 3pm. (The quiz covers Modules 5-6)

MODULE 7 (11/10-11/14)
Topics:
- Basic theory of monopoly pricing.
- Introduction to strategic pricing.
Reading: Baye chapter 11

MODULE 8 (11/17-11/21)
Topics:
- 3rd degree price discrimination.
- Two-part tariffs.
- 2nd degree price discrimination.
Reading: Baye chapter 11

Week of 11/27-11/29 No class (Thanksgiving Break)

FINAL EXAM it opens on 12/03 at 3pm and closes on 12/04 at 3pm