



**QUINLAN**  
SCHOOL of BUSINESS

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## Economics 303-101: Intermediate Microeconomics Spring 2018

**Instructor:** Zhiyun (Frances) Lee

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**Office Phone:** 312- 915-6561

**Office Hours:** TUE, THU, 12noon to 2 p.m. at Schreiber Center 715.

**Lecture Hours:** TUE, THU, 8:30 a.m. – 9:45 a.m.

**Lecture Classroom:** Corboy 207

### **Course Description:**

This course applies the modeling methods of economic theory to the study of consumer and producer behavior. The interactions of these economic agents are explored within a variety of market structures, with a goal to evaluate decisions and policies. Course Prerequisites: Sophomore standing, minimum grade of C- in ECON 201 and 202; Math 131 is extremely recommended.

### **Course Overview:**

We will start with modeling consumer's demand decisions from the most basic element -- consumer preferences. We then move on to suppliers' supply decisions based on their cost structures. We put them together to examine how free market outcomes emerge. We then study how government interventions change these free market outcomes and why the interventions can be bad or good. We will then learn about the tools of game theory and see how it helps us to predict outcomes when multiple "players" are strategic. We apply it to study markets where multiple firms are competing with each other. Throughout the course, we will also dip into a few advanced topics such as how firms can collude in a market and how information affects strategies if time permits. The teaching method is quantitative and requires extensive graphic understanding and basic knowledge of derivatives.

### **Course Objectives and Learning Outcomes**

This course utilizes the tools of microeconomic theory to examine how economic agents: consumers, producers and regulators achieve their objectives. An important goal of this course is to provide a logical and rational perspective for analyzing decisions. The students will develop analytical skills to understand and predict market outcomes and to evaluate firm strategies and government policies.

## Course Materials

- Lectures.
- Reference books: Intermediate Microeconomics, 9th Edition, by Hal Varian. New York, NY: WW Norton & Company.

## Course Requirements and Grading Criteria

This course will include the following types of assessments:

Four Homeworks:	30% (each 7.5%)
Midterm	25%
Final Exam	40%
Attendance	5%

HW due dates and midterm schedules are shown below in the course outlines.

HWs will be posted under “Resources” on SaKai **one week** before the due dates. HWs are to be handed in **in paper form** at the beginning of the lecture on the due dates. Please staple your HWs. No late HWs will be accepted. No emailed HW will be accepted. You can always plan ahead and hand in your HWs early by sliding under my office door (Schreiber 715) if you are not able to show up on the due date. You are encouraged to prepare the HWs in groups with other students, but each one has to hand in one individual HW. Graded HW are returned in class and answers will be discussed in class.

Exams are closed book and close notes. One one-sided cheat sheet is allowed for midterm and one two-sided cheat sheet is allowed for final exam. Final exam covers the entire semester’s lecture material. No phone or computer allowed in lectures or exams (unless there is a medical reason for it).

There are **no makeup exams** for any exam. If you miss it without *legitimate reasons* (defined below), your grade for the exam is 0. If you miss either the midterm or the final for a *legitimate reason*, then the weight of the missed exam is shifted to the other. Legitimate reasons for missing an exam are only **truly unavoidable circumstances** (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). I require one month notice for participation in intercollegiate athletic events, subpoenas, jury duty, military service and religious observance.

I will select 5 times (unannounced) throughout the semester to take attendance.

## Grading Scale

The grades will be curved.

## Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved. For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

In particular, for this course, the students are not allowed to discuss the content of the exams with students in the other sections. If such communications are discovered, the involved students will get grade "F". By continuing to take this course beyond the add-and-drop period, you have agreed to follow the rules set out in this syllabus.

### Course Outline:

(Chapters correspond to the Varian reference book. The outline is subject to changes.)

- I. **Introduction**
- II. **Consumer Theory**  
Preferences (Ch3)  
Utility (Ch4)  
Budget (Ch2)  
Individual demand (Ch6)  
**HW 1 is due on Feb 8**  
Market demand and elasticity (Ch15)
- III. **The Theory of the Firm**  
Cost curves (Ch22)  
Firm supply under perfect competition (Ch23)  
Industry supply under perfect competition (Ch24)  
**HW2 is due on Feb 27**  
**Midterm on Mar 1 in class.**
- IV. **Welfare and Policies**  
Consumer Surplus (Ch14)  
Equilibrium and government intervention (Ch 16)  
Externality (Ch 35)  
**HW3 is due on Apr 5**
- V. **Market Power**  
Monopoly (Ch25)  
Introduction to game theory (Ch29, 30)  
Oligopoly competition (Ch28)  
**HW4 is due on Apr 24**  
Select topics  
**Final Exam on May 5, 9 a.m. to 11 a.m.**

### Math background needed for ECON303:

Algebra: solving a system of two linear equations with two unknowns and understanding its corresponding graph

Calculus: (1) A function of a single argument/variable and its first order derivative and its graphing. (2) A multivariate function and its first order partial derivative.

Recommended source: *Khan Academy online mini courses*

"Introduction to system of equations"

"Introduction to differential calculus" → "Derivative as slope of curve", "Derivative Notation Review".

"Basic Differential Rules", "Power Rule", "Polynomial Functions Differentiation", "Product Rule".