

**Economics 151 – Economics of the Firm**  
**Fall 2009, Illinois Institute of Technology**

**Instructor:** Professor Liad Wagman  
**Lectures:** Tuesdays and Thursdays 3:15 – 4:30PM  
4B8-1 Tech Park Central Bldg, Main Campus

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**Office Hrs:** Tue & Thu 11:00AM – 12:00PM, and by appointment  
**My Office:** 4C8-2, 3424 S State St., Tech Park Central Bldg, Main Campus  
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**Required text:** Microeconomics, by Don Waldman, 2<sup>nd</sup> Edition,  
ISBN-10:0321507851, ISBN-13:978-0321507853.

**Supplementary text:** Microeconomics: Beyond Principles, a new textbook to  
be released in 2010 (by Duke University Professor  
Thomas Nechyba). Will be provided by Professor  
Wagman as an additional resource.

**Course Description:** This course develops and applies the principles that economists use to explain the behavior of individual firms and consumers. The course concentrates on the behavior of smaller economic units such as the household, the firm, and the industry, as opposed to the behavior of entire economies. We will utilize some basic calculus and algebra.

The major topics to be covered include a review of consumer theory, demand analysis, production and cost analysis, market equilibrium, alternative market structures, strategic behavior in the market and game theory, and market regulation. If time permits, we will also cover more modern topics such as choice under uncertainty, and the economics of information.

**Course Objective:** To introduce the basic microeconomic concepts in a rigorous way; to provide an overview of the interactions among firms and between firms and consumers; and to provide intuition for and understanding of a variety of market conditions and market forces.

**Course Method:**

Each lecture will include a discussion of the current material in the schedule. Often, there will be some outside material distributed prior to lecture so as to elucidate economic concepts and principles. This outside material will form the basis for class discussions and the student is expected to have read and thought about the material as well as the material in the textbook. Class discussions are an important part of the learning process, and students are highly encouraged to participate. Participation is voluntary, but as explained below, class participation may help raise a student's grade. There will be three exams and several homework assignments.

**Grading:**

Grades will be based on homework assignments, 2 midterms, a final, and class participation. Homework assignments will be given regularly, and will be graded on a rough scale: if you made a thorough attempt to answer all of the problems, you will get full credit. The final exam is cumulative.

Weights are given by: each midterm: 25%, final: 40%, homework assignments: 10%.

Letter grades will be based on a class curve at the end of the course. Should a student's grade be borderline, class participation can be used to raise (but not lower) the student's grade. In other words, class participation can only help raise your grade.

All homework assignments are to be turned in outside office 4C8-2 in TP-C at 3424 S State St, in the box provided, or by email, no longer than 2PM on the day that they are due. All assignments and their due dates will be posted on Blackboard.

The final exam will be given on the date and time scheduled for the course. Dates for the midterm exams will be announced in class.

There are no make-up exams. However, given extreme and documented circumstances, students will be excused from at most 1 midterm exam, and their grades will be computed based only on the other scores (other midterm, final, assignments, and class participation). All students must take the final exam. Failure to take the final exam will result in failing the class.

Reasonable accommodations will be made for students with documented disabilities. In order to receive accommodations, students must obtain a letter of accommodation from the Center for Disability Resources and make an appointment to speak with me as soon as possible. My office hours along with contact information are provided on the first page of the syllabus. The Center for Disability Resources is located in the Life Sciences Building, Room 218, and can be reached at (312) 567-5744 or [disabilities@iit.edu](mailto:disabilities@iit.edu).

**Regrades:**

The regrade procedure for exams in the course will be announced and posted on Blackboard right after the first midterm is returned. Except for obvious errors (such as summing up points on your exam incorrectly), regrade requests are strongly discouraged.

### Tentative Schedule

August 25	Waldman	Chapter	1
August 27	Waldman	Chapter	2
September 1	Waldman	Chapters	2, 3
September 3	Waldman	Chapter	3
September 8	Waldman	Chapter	4
September 10	Waldman	Chapter	5
September 15	Waldman	Chapter	6
September 17	Midterm I Review		
September 22	Midterm I		
September 24	Waldman	Chapter	7
September 29	Waldman	Chapter	8
October 1	Waldman	Chapter	9
October 6	Waldman	Chapter	10
October 8	Waldman	Chapter	10
October 13	Waldman	Chapter	11
October 15	Waldman	Chapter	11
October 20	Waldman	Chapter	12
October 22	Midterm II Review		
October 27	Midterm II		
October 29	Waldman	Chapter	13
November 3	Waldman	Chapter	14
November 5	Waldman	Chapter	14
November 10	Waldman	Chapter	15
November 12	Waldman	Chapter	16
November 17	Recap of Chapters 13-16		
November 20	Waldman	Chapter	17
November 23	Waldman	Chapters	18,
December 1	Waldman	Chapters	20, 21
December 3	Final Exam Review		
December 8-15	Final Exam, date and time set by registrar		