

**Syllabus**  
**Economics 321**  
Microeconomic Theory  
Fall 2008

Professor Henry Chappell  
Class Meets MW 9:30AM-10:45AM BA 203

Office Hours Fall 2008:

Room 409 BA MW: 11:00 -12:00 and 2:00 - 3:00 and by appointment

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### **Course Materials**

*Aplia*: I will be using the Aplia online course packet for this class. Aplia includes an online edition of your textbook as well as assignments for you to complete during the semester. The online edition of the textbook is the 3rd edition of Besanko and Braeutigam, Microeconomics. If you wish to purchase a hardcopy, I suggest buying a used copy of the 2nd edition, which is nearly identical to the 3rd and available online at very low prices. You will be able to use Aplia without paying until 9/7, however you will have pay by that deadline. The cost is \$75.00. Further instructions are available on the announcements section of the Econ321 Home Page. Aplia problems are challenging; however, this is a problem-oriented class, and you should expect to work hard and spend time solving these.

*Wall Street Journal*: I expect to be able to obtain free subscriptions to the online edition of the Wall Street Journal for all students in this class. After the drop-add period ends (after August 29), I will send a list of e-mail addresses to the Wall Street Journal. Shortly afterwards, you should receive an e-mail from the Wall Street Journal giving you instructions on how to subscribe. Do NOT ignore this e-mail, and be sure to check your spam folder if it does not arrive. I will occasionally ask you to read articles from the Wall Street Journal.

*Other*: I also suggest that you bring pens or pencils in a variety of colors to class (some of the diagrams make this almost essential).

### **Course Introduction and Goals**

Microeconomic theory studies the allocation of scarce resources via markets. Economists normally assume that individuals who participate in markets have well-defined preferences and face known constraints, and that they rationally make choices that lead the attainment of more preferred outcomes. Firms are assumed to combine inputs to produce outputs in a profit-seeking fashion. We develop our theory to explain how the

actions of buyers and sellers in a market determine the prices of goods and services and quantities produced and sold. In microeconomics, our focus is often on a market for a single good (rather than a broad aggregation of many goods).

Specific topics to be covered include: equilibrium in competitive, monopolistic, and imperfectly competitive markets; assessment of the efficiency of market outcomes; the role of markets in the provision of information; and market failures.

Students should gain an appreciation of the role of markets in allocating goods and services and should be able to apply microeconomic analysis to policy issues involving market institutions. Warning! Economics is a theoretical subject. Although it covers issues of relevance to individuals, firms and policymakers, students should be prepared to accept a higher level of "abstraction" than is encountered in some other classes.

### **Course Policies**

Calculus, MATH 122 or 141, is a prerequisite for this class. I will occasionally use calculus in class.

Students are expected to attend classes in accordance with University policies on attendance. "Absence from more than 10 percent of the scheduled class sessions, whether excused or unexcused, is excessive and the instructor may choose to exact a grade penalty for such absences."

Please arrive on time and stay until class ends.

Students must take tests at the scheduled time. If you believe that an emergency requires you to miss a test, contact me prior to taking the test.

I will attempt to keep up with the posted schedule in class. If I fail to cover the indicated material by a schedule test date, the test WILL take place as scheduled, but the coverage of the test will be adjusted. You will need to check the Aplia web site regularly and complete assignments when they are due. The Aplia web site provides a schedule of assignments. You are permitted to discuss Aplia assignments with classmates and you may give and receive help in the form of discussion and explanation; however you are NOT permitted to exchange answers to quizzes.

Please bring a pencil with an eraser for each test. Calculators that perform basic arithmetic operations are permitted. Programmable calculators (or other devices) and calculators with any information storage capabilities are NOT permitted. You may not access cell phones during a test and you may not use a cell phone as a calculator.

If you believe that an error has been made in grading your test, you may return the test to me with a written request describing the grading issue you are concerned with. When tests are regraded, the entire test will be reviewed, with lower as well as higher grades

possible on all portions. Requests to have a grade reviewed must be made within one week of the date tests are returned in class.

Please power off cell phones in class.

### **Grading and Course Requirements**

Grades are determined according to the following weights:

Graded Item	Weight
3 tests @ 20%	60%
Aplia Assignments*	15%
Final Exam (Comprehensive)**	25%
Total	100%

\*Aplia scores will be adjusted at the end of the semester -- highest student score will receive 100%; others will receive a percentage equal to the fraction of (1) the highest score, or (2) a lower threshold level that I set later in the semester.

\*\*Students with a 90 average or better on Tests and all Aplia assignments will exempt the final exam with a grade of "A" so long as they attend all classes and complete all assignments due after Test 3 is taken. No exemptions for anyone else.

*Overall Grade Determination:* The grading scale is provided below. You are guaranteed a grade at least as high as the one indicated by this schedule. I do not change the grading scale ex post upon requests from students, but I reserved the right to make small changes in the scale in a direction of greater leniency.

Grade Average (%)	Letter Grade
90 - 100	A
80 - 90	B+
70 - 80	B
65 - 70	C+
60 - 65	C
55 - 60	D+
50 - 55	D
Below 50	F

*Note:* If you attend class and put effort into the Aplia assignments, you should do well in this class. You are directly rewarded for both attendance and for correctly completing assignments, and your work on the assignments will also affect your test performance.

### **Course Outline and Schedule**

Test dates will not change; however, topics covered on each test are subject to change depending upon progress made in class. I may also add or subtract reading assignments

during the semester. Appendices are not required reading unless I specifically indicate that you should read them, but some of you may find them useful.

## Schedule

Day	Date	Topic	Chapter/Pages
M	8/25	Analyzing Economic Problems	Chapter 1
W	8/27	Demand and Supply Analysis	Chapter 2
M	9/1	Labor Day Holiday	
W	9/3	Consumer Preferences and Utility	Chapter 3
M	9/8		
W	9/10	Consumer Choice	Chapter 4
M	9/15	The Theory of Demand	Chapter 5
W	9/17		
M	9/22	Inputs and Production Functions	Chapter 6
W	9/24	Test 1	
M	10/29	Costs and Cost Minimization	Chapter 7
W	10/1		
TH	10/2		Last day to drop without WF
M	10/6	Cost Curves	Chapter 8
W	10/8		
M	10/13	Perfect Competition	Chapter 9
W	10/15		
M	10/20	Competitive Markets: Applications	Chapter 10
W	10/22		
M	10/27	Test 2	
W	10/29	Monopoly and Monopsony	Chapter 11
M	11/3		
W	11/5	Capturing Surplus	Chapter 12
M	11/10		
W	11/12	Market Structure and Competition	
M	11/17	Game Theory and Strategic Behavior	Chapter 14
W	11/19		
M	11/24	Test 3	Chapter 13
W	11/29	Thanksgiving Holiday	
M	12/1	General Equilibrium Theory	Chapter 16
W	12/3		
Sat	12/13	Final Exam Saturday, December 13 - 9:00 a.m.	