

ECONOMICS 601
Advanced Microeconomic Theory

Instructor: Professor John Garen
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Autumn 2008
12:30-1:45 T, Th
BE 314

Preliminaries

This is the first course in the graduate microeconomic theory sequence. The purpose of this course is twofold: (i) to sharpen the students' economic "intuition" and ability to apply economic analysis broadly; and (ii) to deepen the students' understanding of standard microeconomic theory. The first is accomplished by demonstrating the common, fundamental issues that underlie many economic questions and utilizing basic economic theory to analyze a wide variety of problems. The second is achieved by considering economic theory in a more formal (i.e., mathematical) manner.

With the fulfillment of above objectives, it is intended that students be prepared for subsequent course work in economics and for general use of economic analysis.

Course Materials

The text for the course is:

Nicholson, Walter and Snyder, Christopher, *Microeconomic Theory: Basic Principles and Extensions*, Tenth Edition, Thomson/South-Western, 2008. (Referred to as N&S below.)

This course builds upon and relies heavily on students having a firm grasp of intermediate microeconomic theory. It is in your interest to be comfortable with this level of analysis before moving to the advanced level. Therefore, I strongly recommend having available an intermediate microeconomics textbook that you can refer to. One that I am fond of is:

Browning, Edgar and Zupan, Mark, *Microeconomic Theory and Applications*, any edition.

Do not feel compelled to use this particular book; there are at least a dozen intermediate microeconomics texts that are very good. You do not need a current edition and buying an old edition will save you a lot of money.

Course Requirements

In class examinations consist of two midterms and a final. Each covers approximately one-third of the course. Additionally, several sets of homework assignments are to be turned in for credit. The weights for each in determining grades are as follows:

<u>Task</u>	<u>Pct. of Grade</u>
Midterm #1:	28.333%
Midterm #2:	28.333%
Final Exam:	28.333%
Homework:	15%

Additionally, at the end of the term, I award bonuses for class participation. The maximum bonus is small, but can matter for your grade in borderline cases.

Grades are assigned depending on your point accumulation throughout the term. In determining your grade, I follow the University rules regarding the marking system. It is the following (with slight paraphrasing).

- A: Represents exceptionally high achievement.
- B: Represents high achievement.
- C: Represents average achievement.
- D: not used for graduate students
- E: Represents unsatisfactory performance and indicates failure of the course.

Undergraduates taking the course will be graded differently than graduate students. There will be homework and exam problems designated as optional for undergraduates (but will be required for graduate students). Undergraduates' grades will be determined by scores on the non-optional problems, with optional problems counting as extra credit.

Absences and Make-up Work

Absences and Attendance

There is no explicit attendance policy for the course, but good attendance is important for doing well in the course. If you miss a regular class meeting, it is your responsibility to obtain notes and other material from that class period.

Make-up Exams

Students who have a University-excused absence for missing an exam may take a make-up. Arrangements for a make-up must be made with the instructor as soon as possible. Make-ups will be scheduled at a time mutually convenient for the student and the instructor.

Make-up Homework

Make-up for missed homework is allowed only in extraordinary circumstances. Because homework is assigned well in advance of its due date, a University-excused absence on the due date is not sufficient to merit make-up work for the homework. One must have a University-excused absence that prevented work on the homework from the period of its assignment to its due date. Additionally, I release answer keys for homework as soon as feasible after the due date, making it problematic to accept late assignments.

General Course Outline and Readings

<u>Week</u>	<u>Topics</u>	<u>Readings</u>
8/27 – 8/30	Introduction	N&S, Ch. 1, pp. 3-7
8/31 – 9/6	Utility functions	N&S, Ch. 3
9/7 – 9/13	Consumer equilibrium; demand functions	N&S, Ch. 4
9/14 – 9/20	Analysis of demand	N&S, Ch. 4 (cont'd.), Ch. 5
9/21 – 9/27	Further analysis of demand; consumer theory applications	N&S, Ch. 5 (cont'd.)
9/28 – 10/4	Demand/Applications (cont'd.)	Ch. 6 pp. 182 - 191
10/7, Tues.	FIRST MIDTERM	--
10/9 – 10/11	Uncertainty	N&S, Ch. 7
10/12 – 10/18	Uncertainty (cont'd.)	N&S, Ch. 7, Ch. 18, pp. 637-641, 650-656
10/19 – 10/25	Uncertainty (cont'd.); Production	N&S, Ch. 18, pp. 637-641, 650-656, Ch. 9
10/26 – 11/1	Costs	N&S, Ch. 10
11/2– 11/8	Supply; Compet. equilibrium with applications	N&S, Ch. 11; Ch. 12
11/9 – 11/11	Compet. mkt. (cont'd.)	N&S, Ch. 12
11/13, Thurs.	SECOND MIDTERM	--
11/16 – 11/22	Monopoly; imperfect competition	N&S, Ch. 14; Ch. 15, pp. 521-541
11/23 – 11/29	Imperfect compet. (cont'd.)	N&S, Ch. 15, pp. 521-541
11/30 – 12/6	Factor demand; factor supply	N&S, Ch. 11, pp. 369-371, 374-381; Ch. 16
12/7 - 12/13	Externalities; public goods	N&S, Ch. 19, pp. 670-687
12/16, Tues.	FINAL EXAM, 10:30 am	--