

ECONOMICS 601
Advanced Microeconomic Theory

Instructor: Professor John Garen
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Hours: M,W 4:45 -5:45 and by appointment
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Autumn 2013
3:30-4:45 M,W
BE 206

Preliminaries

This is the first course in the graduate microeconomic theory sequence. The course will provide students with fundamental analysis and applications regarding consumer theory, producer theory, and competitive markets. The objective is to enable students to understand and apply graduate microeconomics in these respects, thereby preparing students for subsequent course work and research in economics.

Course Materials

The texts for the course are:

Nicholson, Walter and Snyder, Christopher, *Microeconomic Theory: Basic Principles and Extensions*, 11th Edition, South-Western Cengage, 2012. (Referred to as N&S.)

Silberberg, Eugene and Suen, Wing, *The Structure of Economics: A Mathematical Analysis*, 3rd Edition, Irwin McGraw-Hill, 2001. (Referred to as S&S.)

Additionally, I distribute via Blackboard notes by William Hoyt that reviews material covered in sections of Mas-Colell, Andreu; Whinston, Michael; and Green, Jerry, *Microeconomic Theory*, Oxford University Press, 1995. (Referred to as Hoyt notes.)

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.

Course Requirements

In class examinations consist of two quizzes, one midterm, and a final. 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>
Quiz #1	15%
Midterm	25%
Quiz #2	15%
Final Exam	25%
Homework	20%

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.

Other Matters

Absences and Attendance

Attendance is critical to your success in class. However, I have no explicit attendance policy for regular class meetings or for your grade. 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 or quiz may take a make-up. Arrangements for a make-up must be made with the instructor as soon as the student knows that absence will occur or as soon as possible if prior notification is impossible. Students may be asked to verify their absences in order for them to be considered excused. Make-ups will be scheduled at a time mutually convenient for the student and the instructor. The same policies apply to University-excused absences regarding religious observance.

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.

Academic Integrity

Per university policy, students shall not plagiarize, cheat, or falsify or misuse academic records. Students are expected to adhere to University policy on cheating and plagiarism. Complete information is at the following website: <http://www.uky.edu/Ombud>.

Accommodations Due to Disability

If you have a documented disability that requires academic accommodations, please see me as soon as possible. I may require an official Letter of Accommodation from the Disability Resource Center.

General Course Outline and Readings

<u>Week</u>	<u>Topics</u>	<u>Readings</u>
8/28 – 8/31	Introduction	N&S, Ch. 1, pp. 3-9; S&S, Ch. 1, pp. 1-15
9/1 – 9/7	Preferences and Utility	N&S, Ch. 3; S&S, Ch. 10, pp. 252-261; Hoyt notes #1
9/8 – 9/14	Preferences and Utility (cont'd); Consumer equilibrium	Above readings (cont'd.); N&S, Ch. 4; S&S, Ch. 10, pp. 261-275; Hoyt notes #2
9/15 – 9/21	Consumer equilibrium (cont'd.); Some properties of demand functions	N&S, Ch. 4; S&S, Ch. 10, pp. 261-275; Hoyt notes #2 (cont'd.)
9/22 – 9/24	Properties . . (cont'd.)	Above readings (cont'd.)
9/25, Wed.	QUIZ #1	--
9/29 – 10/5	Further analysis of demand	N&S, Ch. 5; S&S, Ch. 10, pp. 272-287; Hoyt notes #3
10/6 – 10/12	Further analysis of demand:	N&S, Ch. 5 (cont'd.); S&S, Ch. 11, pp. 347-355
10/13 – 10/19	Further analysis of demand	N&S, Ch. 5 (cont'd.); S&S, Ch. 10, pp. 291-297 and Ch. 11, pp. 314-322.
10/21, Mon.	MIDTERM	--
10/22 – 10/26	Income/leisure	N&S, Ch. 16, pp. 581-588; S&S, Ch. 10, pp. 299-303
10/27 – 11/2	Saving/borrowing; uncertainty	N&S, Ch. 17, pp. 610-612; S&S, Ch. 12, pp. 368-378; N&S, Ch. 7; S&S, Ch. 13, pp. 394-410; Hoyt notes #4
11/3 – 11/9	Uncertainty (cont'd.)	N&S, Ch. 7 (above pgs. cont'd.); S&S, Ch. 13 (above pgs. cont'd.)
11/10 – 11/16	Uncertainty (cont'd.)	N&S, Ch. 18, pp. 650-655, 663-669
11/18, Mon.	QUIZ #2	--
11/19 – 11/23	Production	N&S, Ch. 9
11/24 – 11/30	Cost functions	N&S, Ch. 10; S&S, Ch. 8, pp. 175-217 & Ch. 9, pp. 225-238, Hoyt notes #5
12/1 – 12/7	Profit max. and supply	N&S, Ch. 11; S&S, Ch. 4, pp. 74-84
12/8 - 12/14	Competitive market eqm.	N&S, Ch. 12, S&S, Ch. 8, pp. 218-222.
12/19, Thurs.	FINAL EXAM, 8:00 am	--