

ECONOMICS 401: Intermediate Microeconomic Theory

Spring 2005

Instructor: Frank Scott
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Class: ECO 401-001
TuTh 9:30-10:45 a.m.
B&E 305

Economics 401 is the second undergraduate course in microeconomic theory. It is designed to build upon principles developed in ECO 201 and provide students with a more sophisticated understanding of how market systems operate. We will study the behavior of individual decision makers: households, firms, resource owners. We will study the interaction of such individual economic units in markets. We will study the role that prices play in guiding the allocation of resources in a market economy. To reinforce students' understanding of microeconomic theory, and also to demonstrate the relevance of particular theoretical concepts, we will include numerous applications along the way.

Students are assumed to have mastered the material contained in ECO 201 and 202, principles of micro and macroeconomics. Even though calculus and statistics are not prerequisites for ECO 401, from time to time we will go through examples or work problems that presume a working knowledge of both subjects.

GRADING

Your grade in the course will be determined by your performance on problem sets, two hourly exams, and a quasi-comprehensive final exam. The problem sets will count 10%, the first hourly exam will count 25%, the second hourly exam will count 30%, and the final exam will count 35%.

HOMEWORK

There will be regular problem set assignments during the semester. In total these will count 10% of your final grade in the course. If you do the math, you will see that the direct effect of homework performance on your grade is only marginal. My real intent in having you labor over problem sets is to help you to develop your analytical thinking abilities and to learn the material. Hence the payoff to conscientious performance of the homework will come on tests.

ATTENDANCE

Attendance at the lectures is both expected and encouraged. In fact, you will find it very difficult to master the material and succeed in the course if you do not attend regularly. My lectures will cover material not contained in the readings, in addition to shedding light on the reading assignments. I will keep track of class attendance during the

semester, both to better become acquainted with you as a student and to be able to determine the source of difficulty if you are struggling in the course.

TEXT

We will use Edgar K. Browning and Mark A. Zupan's Microeconomics: Theory and Applications (8/e Value Edition). The assigned readings will parallel and supplement the material we cover in class. I will suggest questions and problems from the end of each chapter in the text to help you prepare for exams.

OFFICE HOURS

My office is 335-M in the B&E building. I will have office hours from 9:00 until 10:00 a.m. on Monday, Wednesday, and Friday. Appointments can be made for other times.

WEB SITE

The course web site is located at:
<http://gatton.uky.edu/Faculty/scott/index.html>
I will post course materials on the website, including syllabus, problem set assignments, answer keys to problem sets (after you have turned them in, of course), and study questions for exams.

COURSE OUTLINE AND READING ASSIGNMENTS

- I. Introduction: Ch. 1
- II. Review of Supply and Demand: Ch. 2
- III. Consumer Choice, Individual Demand, and Market Demand: Chs. 3, 4, 5

HOURLY EXAM #1
(Thursday, February 17)

- IV. Production and Costs: Chs. 7, 8
- V. Market Structure:
 - A. Perfect Competition: Ch. 9 (and parts of Ch. 10 to be assigned)
 - B. Monopoly: Ch. 11 (and parts of Ch. 12 to be assigned)

HOURLY EXAM #2
(Thursday, April 7)

- VI. Factor Markets: Chs. 16, 17
- VII. Efficiency and Market Failure: Chs. 19, 20

FINAL EXAM
(Thursday, May 5, 2005, 8:00 a.m.)