

ECO 601: ADVANCED MICROECONOMIC THEORY

Fall 2004

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Class: ECO 601-001
MWF 9:00-10:00 a.m.
B&E 301

Economics 601 is the first graduate course in microeconomic theory. It is designed to study intensively a wide range of traditional micro topics such as utility and consumer demand; production, costs, and the firm; market structure and pricing in product markets; factor markets; market efficiency; and market failure. It is hoped that the course will serve equally well as a terminal course for Masters students in Economics and Agricultural Economics and Doctoral students from other programs, and as a preparation for succeeding PhD courses in microeconomics.

Students are assumed to have had an undergraduate course in intermediate microeconomic theory as well as one course in calculus. Economics 590 is not a prerequisite for this course.

GRADING: There will be two tests and a quasi-comprehensive final exam. The material to be covered on each test is indicated on the outline below. The first test will count 25%, the second test will count 30%, and the final exam will count 35% toward the determination of your final grade in the course. The remaining 10% will come from your performance on the problem sets, which will be assigned at regular intervals.

TEXT: We will use Walter Nicholson's *Microeconomic Theory: Basic Principles and Extensions* (9th edition, Southwestern/Thomson Learning). You may find it helpful to acquire a good undergraduate intermediate microeconomics text and read it alongside the assignments in Nicholson. Two possibilities are Browning and Zupan, *Microeconomic Theory and Applications*, John Wiley & Sons, Inc. and Varian, *Intermediate Microeconomics*, W. W. Norton & Co.

OFFICE HOURS: My office is 335-M in the Business and Economics Building. Office hours are from 9:00 to 10:00 on Tuesdays and Thursdays. Appointments at other times are welcomed and can be scheduled with me.

COURSE OUTLINE AND READING ASSIGNMENTS:

- I. Introduction: Ch. 1
- II. Mathematical Review: Ch. 2
- III. Consumer Behavior and Demand:
 - A. Utility Maximization: Chs. 3 and 4
 - B. Individual Demand: Chs. 5 and 6
 - C. Market Demand: Ch. 10, pp. 279-283
 - D. Uncertainty: Ch. 18, pp. 533-545

TEST #1

(Friday, October 8)

- IV. Production and the Firm:
 - A. Production Functions: Ch. 7
 - B. Costs: Ch. 8
 - C. Profit Maximization: Ch. 9
- V. Pricing in Product Markets:
 - A. Perfect Competition: Chs. 10 and 11
 - B. Monopoly: Ch. 13

TEST #2

(Friday, November 19)

- VI. Factor Markets: Ch. 16
- VII. General Equilibrium and Welfare:
 - A. Competitive Equilibrium and Efficiency: Ch. 12
 - B. Externalities and Public Goods: Ch. 20

FINAL EXAM

(Friday, December 17, 8:00 a.m.)