

**UNIVERSITY OF CAPE COAST
DEPARTMENT OF ECONOMICS**

**COURSE OUTLINE & INFORMATION
ECO 301: INTERMEDIATE MICROECONOMICS
SEMESTER ONE, 2013/2014 ACADEMIC YEAR**

LECTURERS: Dr. Mark K. Armah, Dr. Camara Obeng and Mr. Benedict Afful

The objectives of this course are to:

Deepen students' understanding of some basic concepts in consumer theory, producer theory and market structures.

Equip students to have a basic understanding of the functioning of input markets, concepts of general equilibrium, welfare economics, and market failure.

Encourage students to apply these concepts to real world situations.

EXPECTED OUTCOMES

- Students well trained in this course will have very clear understanding of basic concepts in Microeconomics, how these concepts relate to one another and finally how policies are directed to a particular unit, affect that unit and also the entire Microeconomic framework.
- Students will also be able to critically appraise the theories and explore their policy implications.

COURSE OUTLINE

1. Theory of consumer behaviour

- Overview of consumer behaviour and its Applications

2. Theory of production

- Overview of theory of production and its Applications

3. Market structures

- Perfect competition

- Monopoly

- Imperfect competition

4. Marginal productivity theory of distribution

- Price and employment of inputs under perfect competition

- Market supply of input

- Price and employment of inputs under imperfect competition

5. Demand for fixed inputs (theory of investment)

- Net present value (NPV) criterion

- Benefit cost ratio (BCR)

- Internal rate of returns (IRR) criterion

6. General equilibrium theory

- Equilibrium in production
- Equilibrium in consumption
- Simultaneous equilibrium in production and consumption

7. Welfare economics

- Production possibility frontier
- Utility possibility frontier
- Grand utility possibility frontier
- Social welfare function
- Social welfare maximization

8. Welfare inefficiencies

- Monopoly
- Public good
- Externalities

9. Economics of Information

- Information Asymmetry
- Risk, Uncertainty and the need for Insurance
- Moral Hazards and Adverse selection

ASSESSMENT

- 1) Academic performance of this module would be assessed by two in-class tests (40%), and the final examination (60%).
- 2) The two in-class tests would be based on lectures and tutorials up to the day of the tests. The final examination consists of a two hours' unseen written test and it will be comprehensive on all the materials taught in lectures and tutorial.
- 3) The Final semester examination would consist of three sections. Section A will have two questions from which students would be required to choose one for 20 Marks. Similarly for section B, there would be two questions from which to choose one for 20 Marks. Section C would be made up of 10 multiple choice questions to which students would be required to answer all for 20 Marks.

NB: Make every effort to attend all lectures. However tutorials are compulsory and attendance will be taken at all tutorials.

READING LIST

Chacoliades, M., (1986). *Microeconomics*, Macmillan Publishing Company, New York.

Hirshleifer, J., (1984), *Price Theory and Applications*, Prentice-Hall International Inc., London.

Koutsoyanis, A., (1979), *Modern Microeconomics*, Macmillan Press Ltd, London.

Mansfield, E., (1991) *Microeconomics*, W. W. Norton Company, New York.

Pindyck, R. S. and Rubinfeld, D. L., (1995), *Microeconomics*, Prentice-Hall. Inc., New Jersey.

Varian, H. R., (2010), *Intermediate Microeconomics: Modern Approach*, 8th Edition, W .W. Norton & company, New York.

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