University of Waterloo  
Department of Economics  
Economics 301 - Microeconomic Theory 2 - Section 001  
Fall 2011

Instructor: Nafeez Fatima  
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Office Hours: Tuesdays from 6.00 pm to 7.30 pm  
(Other times by appointment only)  
Lecture Hours: Tuesdays and Thursdays from 4.30 pm to 5.50 pm in PAS 2083

Course Objectives:  
This is the second course in microeconomic theory sequence and provides an extension on the  
concepts developed in Econ 201 using more advanced mathematical and graphical methods.  
Topics that will be covered include consumer behaviour in certain and uncertain environment,  
pricing and employment of inputs, general equilibrium theory and modern welfare economics,  
pareto optimality, imperfect competition and game theory, market failures, information  
economics and intertemporal choice. This course is designed to incorporate the technical skills  
learned in Econ 211 to standard microeconomic study. After completion of this course, the  
students will have a solid understanding of these concepts that will give them skills they need to  
rigorously analyze specific economic problems and public policies.

Prerequisites:  
Econ 201 & 211; (For Mathematics students in place of Econ 211 one of Math 115, 106/125,  

Required Textbook:  
2009.  
The study guide that accompanies this text is optional. Students can also use the 7th or 6th edition  
of the textbook.

Resources:  
Course related materials including the lecture notes are posted on UW-ACE at  
1119 ECON 301: Microeconomic Theory 2.  
It is highly recommended that students attend the lectures and read the textbook. The  
lecture notes are provided as a supplement to the text book. The content of the exams will be  
announced in class and on UW-ACE. Students are responsible for visiting this site frequently.
**Course Evaluation:**
Student evaluation for this course consists of two in-class midterm exams and a final exam. The rooms assigned for the midterm exams will be announced later in class and on UW-ACE. Final exam will be comprehensive; it will include all materials covered during the term. The final exam date will be announced by the Registrar’s Office. The final exam period for Fall 2011 term is from December 8 to December 22. Final Examination Schedule will be available around October 19, 2011. Students are expected to be available during this time. An alternative final exam time is not allowed on the ground of travel plans. See the following webpage for details: http://www.registrar.uwaterloo.ca/exams/finalexams.html

**The Exam schedule is:**

<table>
<thead>
<tr>
<th>Exams</th>
<th>Date</th>
<th>Topics</th>
<th>Time</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm 1</td>
<td>Tuesday, October 18, 2011</td>
<td>Mathematical Review &amp; Chapters 4, 5, 8 &amp; 19</td>
<td>4.30 pm to 5.50 pm</td>
<td>25%</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>Thursday, November 17, 2011</td>
<td>Chapters 20, 31, 32 &amp; 33</td>
<td>4.30 pm to 5.50 pm</td>
<td>25%</td>
</tr>
<tr>
<td>Final</td>
<td>To be announced</td>
<td>Comprehensive</td>
<td>To be announced</td>
<td>50%</td>
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</tbody>
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**Policy for Missed Exams:**
No make-up exams will be provided for this course. Students who do not have a relevant medical certificate will receive a mark of zero on any missed exam and their final grade will be assigned in accordance with the formula specified above. For students who have valid medical certificate (approved by the instructor), the weight of the missed exam will be transferred to the final exam. Students are advised to notify the instructor in person about the missed exam as soon as they are better. E-mail notification about the missed exam is not accepted. For policy regarding missed final exam, visit the following webpage: http://www.economics.uwaterloo.ca/DeferredExams.html

**Remarking Policy:**
If any student feels that the exam is not marked properly, he/she must inform the instructor within 6 days of the date on which the grades are posted on UW-Ace. Please be advised that the entire test will be remarked and the grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

**Grades:**
Exam marks will be posted on UW-Ace. Posting grades in public places or sending grades by e-mail are prohibited by university regulations.
**Topics Covered:**
1. **Mathematical Review** → Comparative Statics & Rules of Differentiation, Integration, Linear models & Matrix algebra
2. **Consumer Behavior** → Utility and Preferences, Utility Maximization & Choice, Uncertainty & Risk, Slutsky Decomposition & Duality Problem (Chapters 4, 5, 8 & 12)
3. **Production** → Cost function, Profit Maximization & Cost Minimization (Chapters 19 & 20)
4. **Pricing and Employment** → Chapter 26
5. **General Equilibrium Theory** → Chapters 31-32
6. **Welfare Economics** → Chapter 33
7. **Market Failures**
   - Public Goods → Chapter 36
   - Externalities → Chapter 34
8. **Inter-temporal Choice** → Investment, Time and Capital Markets (Chapter 10)
9. **Imperfect Competition** → Oligopoly & Game Theory and Competitive Strategy (Chapters 27-29, time permitting)

**The chapters correspond to Varian.**

**Notes:**
Although it is not mandatory, attendance is highly recommended. Some of the materials covered in the class will not be included in the lecture notes so it is strongly advised that students attend classes regularly. Student participation in class is also highly encouraged. Since, the course contents are technical in nature; a person to person communication is preferred to answer questions. Students are welcome to ask any questions during the regular office hours. Regarding e-mail communication, students should use the university e-mail address. **When sending an e-mail, write Econ 301 (Section001) on the subject line and include your name, student ID number and the section number.**

**Notes on Avoidance of Academic Offences:**

**Academic Integrity:** In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility.

**Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 – Student Petitions and Grievances, Section 4, http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek
guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 – Student Discipline, http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm

**Appeals:** A student may appeal the finding and/or penalty in a decision made under Policy 70 – Student Petitions and Grievances (other than regarding a petition) or Policy 71 – Student Discipline if a ground for an appeal can be established. Read Policy 72 – Student Appeals, http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm

**Note for students with disabilities.** The Office for Persons with Disabilities (OPD), located in NH1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.