

**University of Waterloo
Department of Economics
Economics 393
Market failures
Tuesday, Thursday 8:30-9:50, RCH-206**

Course Outline Spring 2017

Instructor Information

Instructor: John Burbidge
Office: HH-125
Office Hours: TTh: 1:00-3:00, or by appointment
Email: jburbidg@uwaterloo.ca
Course web page: <http://artsonline.uwaterloo.ca/jburbidg/>

Course description

The undergraduate calendar description for this course is:

Market Failures

This course explores the many ways in which the assumptions of the perfectly competitive model are violated in the real world, and the consequences of these market failures for consumers and firms. The course examines potential government intervention to "fix" the failures as well as the limits of government intervention. Topics include monopoly/monopsony, externalities, the tragedy of the commons, public goods, asymmetric information, and incomplete information.

Prereq: ECON 391

Text

There is no text for this course. Ted Bergstrom, who teaches at UC Santa Barbara, does as good a job as anyone at covering most of the topics listed in the course outline above. His web site is here:

<https://econ.ucsb.edu/~tedb/>

and sample problems for much of the material covered in the course are here:

<https://econ.ucsb.edu/~tedb/Courses/GraduateTheoryUCSB/workouts.pdf>

Topics

Monopoly and monopsony: **Workouts**, pp. 297-320

Externalities: **Workouts**, pp. 409-432

Public goods: **Workouts**, pp. 433-440

Asymmetric information: **Workouts**, pp. 441-448

If time permits we shall also look at search equilibrium and possibly overlapping-generations models.

Evaluation

The final grade will be based on five take-home assignments, two term tests and a final exam.

Assignments (10% of the final grade)

There will be 5 assignments, worth 2% each. The assignments and their due dates will be posted on the course web site, which is stated above. The assignments must be submitted in person in class on their due dates.

In-class tests (30% of the final grade)

There will be two in-class tests, each worth 15% of the final grade. The first test will be held Tuesday May 30th. The second test will be held Tuesday June 27th.

Final Examination (60%)

The final examination will be on the entire term's work and will be scheduled by the Registrar.

There will be no make-up assignments or tests. If a student misses an assignment or a test, and she/he can provide credible documentation for missing the assignment or the test, the weight on the assignment or test will be transferred to the final exam.

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. [Check the Office of Academic Integrity for more information.]

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. When in doubt, please be certain to contact the department's administrative assistant who will provide further assistance.

Discipline: A student is expected to know what constitutes academic integrity to avoid committing an academic offence, and to take responsibility for his/her actions. [Check the Office of Academic Integrity for more information.] A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course instructor, academic advisor, or the undergraduate associate dean. For information on categories of offences and types of penalties, students should refer to Policy 71, Student Discipline. For typical penalties, check Guidelines for the Assessment of Penalties.

Appeals: A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to Policy 72, Student Appeals.

Note for students with disabilities: AccessAbility Services, located in Needles Hall, Room 1401, 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 AccessAbility Services at the beginning of each academic term.

Economics Department Deferred Final Exam Policy

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.