

**UNIVERSITY OF WATERLOO**  
**Department of Economics**  
**Economics 201 (002) – Microeconomic Theory 1**  
**Fall 2014**

**Instructor:** Alain-Désiré Nimubona  
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**Office Hours:** 3:00-4:30 p.m., M&W  
**Schedule:** 1:00-2:20 p.m., T&Th  
**Room:** EV3 1408

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## Course Description

This course is intended to familiarize students with the theory of consumer choice, the economics of production, as well as price and output determination under perfect and imperfect competition. This is primarily a theoretical course.

## Course Objectives

At the end of the course, every student should be able to:

- Understand and apply the demand-and-supply model to explain real world problems;
- Understand consumers and producers decision-making processes;
- Understand the sources as well as the consequences of market failure;
- Analyse consumers' wellbeing and firms' performance in different market structures.

## Prerequisites

ECON 101 is a prerequisite for this course. Also required are elementary algebra (e.g. solving for two unknowns with a system of two equations), arithmetic (e.g. fractions, percentages) and elementary geometry (e.g. areas of triangles and trapezoids).

## Textbook

The students' main support for this course will be the following textbook:

Perloff, J.M. (2012), *Microeconomics*, **Sixth Edition**, Pearson / Addison Wesley.

This textbook will be available for purchase at the university bookstore. It is required that students complement lecture notes with the reading of relevant chapters from the textbook. Students who opt to use earlier versions of the textbook are responsible to make sure that they read the appropriate chapters.

The textbook is accompanied with a study-guide, which has to be bought separately, and a prepaid MyEconLab Student Access Card. MyEconLab is an online homework and tutorial

system that helps students test their understanding of the course material. The use of this prepaid online service and/or the study guide is optional.

## Evaluation

Students will be evaluated based on the following activities:

- Two midterm tests to be held on Thursday, October 9<sup>th</sup> and Thursday November 6<sup>th</sup> during class time. Topics to be covered in both midterms will be specified in class.
- A final exam to be scheduled by the registrar. The final exam will be cumulative, i.e. it will cover all material discussed in class during the entire term.

The final mark for the course will be the maximum of the following: [25% Midterm I + 25% Midterm II + 50% Final]; [25% Midterm I + 75% Final]; [25% Midterm II + 75% Final]; or 100% Final.

A student who misses a midterm test will receive a mark of zero for the missed test and this mark of zero will be accounted for in the calculation of his/her final mark. If you miss the midterm(s) and can provide appropriate documentation (the UW verification of illness form is required), the weighting of the missed midterm(s) will automatically be shifted to the final exam.

Exercises to help students prepare for the midterm tests and the final exam will be provided on a regular basis.

## Topics

1. Supply and Demand
  - 1.1. Demand, Supply, and Market Equilibrium
  - 1.2. Applying the Supply-and-Demand Model
2. Consumer Theory
  - 2.1. Consumer Choice
  - 2.2. Applying Consumer Theory
3. Theory of the Firm
  - 3.1. Firms and Production
  - 3.2. Costs of Production
4. Perfect Competition
  - 4.1. Competitive Firms and Markets
  - 4.2. Applying the Competitive Model
5. Market Power and Market Structure
  - 5.1. Monopoly
  - 5.2. Price Discrimination
  - 5.3. Oligopoly and Monopolistic Competition
6. Introduction to Game Theory.

## Tentative Course Schedule and Readings

**\*\* Note:** Some topics may require more or less emphasis than planned below. As a consequence, this timetable may be adapted as needed as we move through the term\*\*.

<b>Date</b>	<b>Topics</b>	<b>Readings</b>
Tuesday, September 9	Introduction	Ch 1
Thursday, September 11	Supply and Demand Models	Ch 2
Tuesday, September 16	Applying Supply and Demand	Ch 3
Thursday, September 18	Consumer Choice	Ch 4
Tuesday, September 23	Consumer Choice	Ch 4
Thursday, September 25	Applying Consumer Theory	Ch 5
Tuesday, September 30	Applying Consumer Theory	Ch 5
Thursday, October 2	Firms and Production	Ch 6
Tuesday, October 7	Review for 1 <sup>st</sup> midterm: Practice exercises and problems	
<b>Thursday, October 9</b>	<b>1<sup>st</sup> Midterm</b>	
Tuesday, October 14	Firms and Production	Ch 6
Thursday, October 16	Costs of Production	Ch 7
Tuesday, October 21	Costs of Production	Ch 7
Thursday, October 23	Competitive Firms and Markets	Ch 8
Tuesday, October 28	Competitive Firms and Markets	Ch 8
Thursday, October 30	Applying the Competitive Model	Ch 9
Tuesday, November 4	Review for 2 <sup>nd</sup> midterm: Practice exercises and problems	
<b>Thursday, November 6</b>	<b>2<sup>nd</sup> Midterm</b>	
Tuesday, November 11	Monopoly	Ch 11
Thursday, November 13	Price Discrimination	Ch 12
Tuesday, November 18	Oligopoly and Monopolistic Competition	Ch 13
Thursday, November 20	Oligopoly and Monopolistic Competition	Ch 13
Tuesday, November 25	Introduction to Game Theory	Ch 14
Thursday, November 27	Review for final exam: Practice exercises and problems	

### **Important note on class attendance:**

Regular attendance of lectures is strongly recommended, and active class participation (questions and comments from students) is encouraged. Lecture notes and corresponding readings should not be considered as perfect substitutes for class attendance. Students are responsible for all material covered in class, whether or not they are in the lecture notes or

textbook. If a student misses a class for whatever reason, it is his/her own responsibility to make sure that he/she gets access to all the material and information discussed in class.

### **Policy on missed exams:**

No make-up test will be provided for the midterms. Students who miss a midterm test and do not have a relevant medical certificate will receive a mark of zero, which will be accounted for in the calculation of their final marks. Should you miss the midterm and can provide an appropriate justification to the instructor (the UW verification of illness form is required), the weighting of the midterm will be transferred to the final exam.

The final exam will be scheduled by the Registrar's Office during the examination period. It is the student's responsibility to make him/her available for the entire examination period, and travel plans are not a sufficient reason to have a final exam deferred. [See the following webpage for details: <http://www.registrar.uwaterloo.ca/exams/finalexams.html>.] You are very strongly encouraged to write your final exam at the scheduled time and place. A student who has compelling evidence that he/she is unable to write the final examination at the scheduled time **MUST** petition the economics department to write the deferred final examination. For more details about the procedure that the economics department uses for deferred final examinations, please follow and read carefully the policy for deferred final examinations at: <http://economics.uwaterloo.ca/policies-and-resources>

### **Policy on remarking of tests:**

If you feel that your test was not marked properly, you must advise the instructor **within 6 calendar days** of the date on which the test is handed back to the class. Any student that submits a test for remarking should understand that the entire test would be remarked and that their grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

### **Pickup of marked assignments**

Midterm papers will be returned in class after marking. Papers that are not picked up in class on the day they are returned will be available for pickup at the TA office during the TA office hours. Marked papers will be returned only to the students who wrote them (a valid student ID is required for your identification).

### **Communication with the instructor:**

When e-mailing the instructor, you should always use your university e-mail address. Please also write ECON 201 on the subject line of the e-mail, and include your name and student ID number. Please only e-mail the instructor for administrative purposes. I will not answer any questions regarding the course material or the structure of assessment (content and/or format of midterms and final) by e-mail or phone. However, I welcome as many questions as possible during class time and/or my office hours.

### **Academic Integrity:**

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

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. 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 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://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-71>.

**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://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70>. In addition, consult <http://arts.uwaterloo.ca/student-grievances-faculty-arts-processes> for the Faculty of Arts’ grievance processes.

**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://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-72>.

**Academic Integrity website (Arts):**

[http://arts.uwaterloo.ca/arts/ugrad/academic\\_responsibility.html](http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html)

**Academic Integrity Office (uWaterloo):** <http://uwaterloo.ca/academic-integrity/>

### **Accommodation for Students with Disabilities:**

**Note for students with disabilities:** The AccessAbility Services (AS) Office, located in Needles Hall, Room 1132, 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 AS Office at the beginning of each academic term.