

University of Waterloo
Department of Economics
ECON 301: Microeconomic Theory 2 (Section 001)
Course Outline – Fall Term 2014

Instructor Information

Instructor: Corey Van de Waal

Office: HH 103

Website: <http://economics.uwaterloo.ca/corey-van-de-waal>

Class Meets: 8:30am-9:50am Tuesdays and Thursdays.

Classroom: AL 211

Email: chvandew@uwaterloo.ca

When sending email to your instructor, always use your University of Waterloo email account. "ECON 301" must appear in the subject line and the message must include your *full name and student ID number*.

Office Hours and Other Support Resources

Office hours: Mondays and Wednesdays 1:00pm – 2:30pm (Starts September 15th and ends December 1st).

Office hours for the Final Exam Period will be announced in November.

If these office hours are not convenient for you, I am also available by arranging a mutually convenient appointment via e-mail.

Economics Clinic: Fall term hours and locations to be announced.

TA Information: TBA.

Where to find this course outline:

This course outline is available at two locations for the duration of the term:

- Department of Economics website <http://economics.uwaterloo.ca/courses>
- LEARN web site (requires UW user id and password) <http://learn.uwaterloo.ca>

Brief Summary

This course is the second course in the microeconomics sequence. We will build on the fundamental material of ECON 201 by considering the pricing and employment of inputs, game theory, Cournot's and Stackelberg's models of quantity competition, Leontief's input – output model, general equilibrium theory, Pareto optimal theory, welfare economics, externalities, public goods, and information economics. This course will integrate the mathematical tools that students gained in ECON 211 into the standard microeconomic analysis.

Prerequisite: ECON 201, ECON 211 (or equivalent).

Course Goals and Learning Objectives

At the end of the course, students should be able to

- apply elements of microeconomic theory to understand how consumers and producers make rational decisions;
- use mathematical methods to solve various economic problems (both theoretical and applied);
- apply theoretical understanding to general equilibrium problems;
- use applied economic techniques to analyze conceptual problems;

Textbook, Coursenotes, and Other Resources

COURSE NOTES

I have prepared a set of course notes that are available on D2L (Learn). These notes will serve as your “textbook”.

TEXTBOOK

There is no required text for this course. Examinations in this course are based on the material contained in the course notes and presented as lecture content (which are strong complements, not substitutes...see Policy on Class Attendance).

Readings Available on LEARN

As mentioned, I will be posting the course lecture slides on LEARN before each class. It is your responsibility to keep yourself current with the assigned readings as well as maintaining an understanding of the lecture content.

- Any additional course materials (news, updates, announcements) will be posted on the LEARN web site <http://learn.uwaterloo.ca>
- The LEARN site is down occasionally. Save the course materials to your computer as soon as they are posted. Always be prepared!
- Students writing test and exams are responsible to save course materials on LEARN before the access to their courses is shut off (normally on the first day of classes of the next term).

Course Requirements and Assessment

The midterms will be written in the class period on the dates specified below and the best result will be worth **30%** of your final grade with the second best result being worth **20%** of your final grade.

The final exam, which will be scheduled by the registrar during the examination period in December, will constitute **50%** of your final grade and will be comprehensive (i.e. cover all course material from beginning to end).

The course grade will be based on two midterm exams and a final examination which will be held during the Official Examination Schedule. The breakdown is as follows:

Assessment	Date of Evaluation	Weighting
Midterm 1	October 9, in class	20% or 30%
Midterm 2	November 11, in class	20% or 30%
Final Exam	TBA (December 4-19)	50%
Total		100%

Notes

- The format for both midterms and the final exam will be a potential mix of multiple-choice questions and written problems.
- The midterm test will be written during the class time.
- The final exam period for the Fall Term 2014 is December 4-19 inclusive. Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time. <http://uwaterloo.ca/registrar/final-examinations/examination-regulations-and-related-matters>
- The exact date and time for the final exam for this class will be determined by the Registrar's Office. The exam schedule is posted online, will be announced in class, and posted on LEARN.
- Only the Registrar's Office can issue final grades.

This grading scheme will be implemented strictly for all students in the course (with the exception of verified illnesses – see below).

Examination Policy

Missing a Midterm Due to Illness During the Term

- Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.
- The midterm exam schedule has been set and will not be changed for whatever reason (no make-up midterm exams will be offered).

Missing the Final Exam Due to Illness

- Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. Please carefully read the Economics Department policy on deferred final exams for instructions.

- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course.

Submission of Exam Papers

- Late submission of exam papers is not accepted and missed submissions will receive a zero mark for whatever reason.
- Exam papers must be submitted in whole and on time in the exam room. Exam papers
 - (a) not submitted on time,
 - (b) submitted with missing pages,
 - (c) submitted elsewhere, with the exception of students with permission to write in the AS Office,
 - (d) not received at all
 will receive a grade of zero for whatever reason.
- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their sections. Students writing exams in the wrong section are considered not writing exams at all and will receive a zero mark.

Topics covered

- Preliminary Review
- Introduction to Game Theory
- Pricing and Employment of Inputs
- Public Goods
- Information Economics
- Leontief's Input / Output Model
- Cournot and Stackelberg Quantity Competition
- General Equilibrium and Welfare Economics
- Externalities
- Intertemporal Choice

Tentative Class Schedule

This class schedule is very ambitious. Modifications and/or eliminations of certain content might be required given our limited time together. Any necessary modifications or eliminations to the course content will be communicated to you in the regular class period.

DATE	LECTURE #	TOPICS
Sept. 9/13	-	Introductory Lecture
Sept. 11/13	1	Utility Maximization, Review of Marginal Measures, Envelopes, Features of C-D Functions
Sept 16/13	2	Features of Leontief Functions, CES Functions, Rational Behaviour
Sept. 18/13	3	General Equilibrium: Robinson Crusoe, Review of PC Markets
Sept. 23/13	4	General Equilibrium: Endowment Income, Relative Prices, Numeraire Goods/Factors and the Pure Exchange Economy
Sept. 25/13	5	Walras' Law and Pure Exchange Economy with non C-D preferences.
Sept. 30/13	6	General Equilibrium: Pareto Pure Exchange Economy, Edgeworth Boxes, the Contract Curve, and Utility Possibility Frontiers
Oct. 2/13	7	General Equilibrium: Pareto Pure Exchange Economy, Edgeworth Boxes and the Contract Curve
Oct. 7/13	8	General Equilibrium: Production Economy

Oct. 9/13	-	MIDTERM #1
Oct. 14/13	9	General Equilibrium: Pareto Production Economy and Social Welfare
Oct. 16/13	10	Social Welfare: Fundamental Theorems of Welfare Economics, Equivalent and Compensating Variations (and Boadway's Paradox)
Oct. 21/13	11	Leontief Input-Output Analysis
Oct. 23/13	12	Profit Maximization: Output Maximization / Cost Minimization and Duality. Introduction to Factor Markets
Oct. 28/13	13	Factor Pricing: Perfect and Imperfect Competition (Bilateral Monopoly in the Labour Market)
Oct. 30/13	14	Collective Bargaining, Minimum Wage Theory, Cournot and Stackelberg Quantity Competitions
Nov. 4/13	15	Public Goods: Samuelson's Allocation Rule, Lindahl Pricing and the Free Rider Problem
Nov. 6/13	-	Public Goods: Samuelson's Allocation Rule, Lindahl Pricing and the Free Rider Problem / Catch-Up
Nov. 11/13	-	MIDTERM #2
Nov. 13/13	16	Externalities: Effects on the Standard Analysis. Institutional Constraints: Theory of Second Best
Nov. 18/13	16, 17	Theory of Second Best, Intertemporal Choice
Nov. 20/13	17, 18	Intertemporal Choice, Introduction to Non-Cooperative Games
Nov. 25/13	18	Introduction to Non-Cooperative Games: Dominant Strategies, Pure Strategy Nash Equilibrium
Nov. 27/13	19	Introduction to Non-Cooperative Games: Mixed Strategy Nash Equilibrium, Information Economics.

Other Policies

Electronic Device Policy

- **THE CLASSROOM IS A HANDHELD-DEVICE-FREE ZONE.**
- Turn off all handheld devices and put them away for the duration of the lecture.
- Laptop computers may only be used to view lecture material.
- Photographic devices are not permitted in class due to copyright and privacy issues.
- Audio or video recording devices are not permitted in class due to copyright and privacy issues.

Policy on remarking of Tests: If you feel that your test was not marked properly, you must advise the instructor within 5 business 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 will be remarked and that their grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

Attendance Policy

Class attendance is an integral part of your educational experience. While attendance is not a graded component of this course, it is an important factor in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.

Classroom Protocols

- I do NOT lend my lecture notes to students for any reason.
- In order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behaviour from every student. In particular, be punctual and turn off all audible ringers on all devices during class.
- As a courtesy to the custodial staff, if you have coffee, water, etc., please dispose of your garbage when you leave the classroom.
- No private conversations in class will be tolerated.

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

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. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) 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 \(https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70\)](https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70). 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 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. For information on categories of offenses and types of penalties, students should refer to [Policy 71, Student Discipline \(http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm).

For typical penalties check [Guidelines for the Assessment of Penalties](http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm) (<http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm>).

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](http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm) (<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>).

Academic Integrity website

(Arts):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.