

**UNIVERSITY OF WATERLOO**  
**Department of Economics**  
**Economics 301 (001) – Microeconomic Theory 2**  
**Spring 2016**

**Instructor:** Alain-Désiré Nimubona  
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**Office Hours:** 3:00-4:30 pm, T&Th  
**Class Schedule:** 10:00-11:20 am, T&Th  
**Room:** RCH 305

**Communication with the instructor:**

When e-mailing the instructor, you should always use your university e-mail address. Please also write “ECON 301-Section 001” in the subject line of the e-mail, and include your name and student ID number. Please e-mail the instructor for administrative matters only. I will not answer any questions regarding the course materials 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.

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## **Course Description**

This course is the second of the sequence of microeconomic core theory courses. It is intended to strengthen students' understanding of the core concepts, methods and models of microeconomics. The main themes that will be covered include pricing and employment of inputs, general equilibrium theory, theory of modern welfare economics, and intertemporal choice. The course will make extensive use of analytical and quantitative skills that students gained in ECON 201 and ECON 211.

## **Course Objectives**

At the end of the course, every student should:

- Be able to understand and explain the fundamental microeconomic theories that are used in many fields of economics.
- Be comfortable with the analytical and quantitative approaches that are used in microeconomic analysis.

## **Prerequisites**

ECON 201 and ECON 211.

## Textbooks

Most of the lecture material will be drawn from the following textbook:

Varian, H. R. (2010), *Intermediate Microeconomics: A Modern Approach*, Norton, New York, 8<sup>th</sup> edition.

It is optional to purchase this textbook, as students will be evaluated based on the material covered in class. However, it is strongly recommended that students complement lecture notes with the reading of relevant chapters from whatever textbook they used in ECON 201. Students who opt to use a different textbook (for example, the one that they used in ECON 201) are responsible to make sure that they read the appropriate chapters.

Some copies of the Varian's textbook are available for purchase at the UW bookstore. An ebook version of the textbook is also available [visit [nortonebooks.com](http://nortonebooks.com) for more information]. The textbook is accompanied with a workouts book by Bergstrom and Varian, which is also optional. Both the textbook and the workouts book will be placed on reserve (3 hours) at the Dana Porter Library.

## Evaluation

- Students will be evaluated based on the following activities:
  1. Two midterm tests to be written on June 2<sup>nd</sup> and June 30<sup>th</sup> during class time. The midterms will cover all material discussed in class up to the midterm date. More details about the content and the format of the midterms will be provided in class.
  2. A final exam to be scheduled by the registrar's office. The final exam will be cumulative, i.e. it will cover all material discussed in class during the entire term. The format of the final exam will be similar to that of the midterms.
- Three sets of practice problems and exercises will be distributed throughout the term. You are strongly encouraged to work on the practice problems and exercises in study groups. This constitutes a great way to help each other in your learning process. However, I expect every student to reflect personally on the questions prior to group discussions, and to make sure that he/she is able to write up as well as understands the solutions to the problems.
- The overall mark for the course will be determined as follows:

<b>Evaluation Activity</b>	<b>Date</b>	<b>Weight</b>
First Midterm	Thursday, June 2 <sup>nd</sup>	25%
Second Midterm	Thursday, June 30 <sup>th</sup>	25%
Final Exam	TBA by the registrar	50%

- If it is to a student's benefit, the midterm mark(s) will be dropped and the corresponding weighting shifted to the final exam. However, a student who misses a midterm test without justification 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.

## Topics to Be Covered and Corresponding Readings

1. Application of Mathematical Tools to Some of ECON 201 Material (Varian, Chapters 4, 5, 8, 19, 20)
2. General Equilibrium of Exchange Economy (Varian, Chapter 31)
3. General Equilibrium of Production Economy (Varian, Chapter 32)
4. Welfare Economics (Varian, Chapter 33)
5. Externalities (Varian, Chapter 34)
6. Public Goods (Varian, Chapter 36)
7. Pricing and Employment of Inputs (Varian, Chapter 26)
8. Intertemporal Choice (Varian, Chapter 10)

### Note:

- The readings above refer to chapter numbers in Varian (2010). If you opt to use another textbook, please make sure that it contains the relevant chapters.

## Tentative Timetable and Readings

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

	Topics	Readings
Lecture 1	Course organization and introduction	
Lectures 2-4	Application of math tools to ECON 201 material	Varian (2010), Ch. 4, 5, 8, 19 & 20.
Lectures 5-8	General equilibrium of exchange economy	Varian (2010), Ch. 31
Lectures 9-10	General equilibrium of production economy	Varian (2010), Ch. 32
Lecture 11	Welfare economics	Varian (2010), Ch. 33
Lecture 12-13	Externalities	Varian (2010), Ch. 34
Lectures 14-15	Public goods	Varian (2010), Ch. 36
Lecture 16	Pricing and employment of inputs	Varian (2010), Ch. 26
Lectures 17-18	Intertemporal choice	Varian (2010), Ch. 10

### **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 in the textbook. Please note that I will not share my notes with anyone for any reasons. 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 electronic devices:**

The use of electronic devices is prohibited during class time. Laptop computers may only be used for the purpose of class activities. Photographing people or course materials, and audio or video recordings by all means and devices are also prohibited.

### **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 they have been marked. 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).

## **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 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 the AS Office at the beginning of each academic term.