

University of Waterloo
Department of Economics
Econ 301 – Section 2
Microeconomic Theory II
Fall 2014
Tuesday and Thursday, 1-2:20 HH 1101

Instructor Information

Instructor: Ryan George
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Office Hours: Tuesday and Thursday 2:30-3:30 or by appointment
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The instructor will only respond to emails that include “Econ 301” in the subject line of the message.

T.A. Information

TBA

Course Description

The course begins by deepening the discussion of consumer theory presented in Econ 201 using the mathematical tools acquired in Econ 211. Models of labour supply and savings behaviour are presented as part of the study of markets for inputs of production. A brief review of producer theory and partial equilibrium is offered. The central topic of the course is the allocative efficiency of competitive markets, which is studied using both partial and general equilibrium models. We will examine how the presence of externalities will lead to inefficient outcomes if they are not resolved through the creation of markets, taxation/subsidisation, or bargaining between the parties concerned. Finally, the inefficiency of markets for public goods will be presented.

Course Goals and Learning Outcomes

Upon completion of this course, students should be able to:

- A. Study portions of the applied microeconomic literature and follow courses that presume an intermediate preparation in microeconomic theory.
- B. Employ the tools of differential calculus (esp. constrained and unconstrained optimization) in developing microeconomic models.

Required Text

- Nechyba, Thomas J., 2011, *Microeconomics: An Intuitive Approach with Calculus* (South-Western Cengage Learning).

A copy of the text is on reserve at the Dana Porter Library.

Readings Available on LEARN

- Lecture slides - covering main results and statement of problems/examples
- Announcements, assignments and their solutions, midterm solutions.
- Recommended textbook problems with solutions.

Course Requirements and Assessment

Assessment	Date of Evaluation (if known)	Weighting (max of schemes #1 and #2)	
		Scheme #1	Scheme #2
Assignments (4 @ 5% each)	TBA	20%	20%
Midterm Examination	Thursday, Oct. 23rd	35%	20%
Final Examination	Exam Period (scheduled by Registrar's Office)	45%	60%
Total		100%	100%

Assignments

There will be four (4) assignments over the course of the term. Each will count for 5% of the final grade. The assignments will be posted on LEARN, and due in class. Two assignments will be due prior to the midterm and two will be due after the midterm. Due dates to be announced. Unless an arrangement has been made with the instructor, no late assignments will be accepted.

Midterm Examination

The midterm exam will be **held in class on Thursday, October 23rd**. It will test students' proficiency with the material covered in the lectures, assignments and practice problems.

Final Examination

The final exam is comprehensive. The date will be set by the Registrar's Office.

Course Outline (Tentative)

Week	Date	Topic	Readings Due
1	Sept 9 Sept 11	Introduction to Course; 1. Choice Sets 2. Tastes and Utility Functions	Ch.2 and Ch.3 Ch.4B.3
2	Sept 16 Sept 18	2. Tastes and Utility Functions 3. Solving Constrained Optimization Problems	Ch.5 Ch.6
3	Sept 23 Sept 25	4. Demand Functions for Goods, Substitution and Income Effects	Ch. 7 and 9A+B.1
4	Sept 30 Oct 2	5. Labour supply and Savings functions, Substitution and Wealth Effects 6. Value Functions and Duality in the Consumer Problem	Ch.8 and Ch. 9A+B.2-3 Ch.10
5	Oct 7 Oct 9	Catchup and Review Midterm during lecture	
6	Oct 14 Oct 16	7.Consumer Surplus and the DWL of Taxation 8. Production and Profit Maximization	Ch.10 Ch.11
7	Oct 21 Oct 23	9. Cost Curves and Market Equilibrium	Ch.11 and Ch.14A+B1-2
8	Oct 28 Oct 30	10. Allocative Efficiency in Partial Equilibrium Model 11.General Equilibrium (GE): Pure Exchange Economy	Ch.15 Ch.16
9	Nov 4 Nov 6	12. GE: Pure Exchange Economy and Welfare Theorems	Ch.16
10	Nov 11 Nov 13	12. GE: Pure Exchange Economy and Welfare Theorems 13. GE: Production Economy	Ch.16 Ch.21
11	Nov 18 Nov 20	14. Externalities: A. Consumption 14. Externalities: B. Negative Production	Ch.21
12	Nov 25 Nov 27	14. Externalities: C. Public Goods Course Review and Exam Details	

Missed Work and Accommodation Regarding Assessment

If a student is unable to take a midterm exam for documented reasons, a make-up exam will be offered at an arranged time. ***Please note that students who decide to take an exam cannot be given accommodation after the fact due to illness or personal complicating factors that may have affected their performance.*** If you are not well on the day of an exam it is advisable that you not take the exam and obtain valid documentation of the circumstances of this decision.

Electronic Device Policy

To avoid disruptions to the learning environment handheld devices must be turned off during the lecture and laptops must be used strictly for lecture-related purposes. If a student's use of a laptop becomes a distraction for adjacent students that student will be asked to discontinue its use.

Attendance Policy

Lectures are an important component of the learning process and should be attended regularly.

Faculty of Arts Statements

Cross-listed course:

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

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.

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.

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.

Other sources of information for students:

Academic Integrity website (Arts) Academic Integrity Office (uWaterloo)

Accommodation for Students with Disabilities:

Note for students with disabilities: The AccessAbility Services 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.