

ECON 301, Microeconomic Theory 2

Jean Guillaume Forand*

Fall 2015, Waterloo

- **Lectures:** The first lectures are on January 5 and the last on March 31.

- **Section 1:** TTh 14h30-15h50, MC2065.

- **Section 2:** TTh 10h00-11h20, MC4061.

- **Office Hours:** T 12h30-14h00 and Th 16h00-17h30.

Office hours are the appropriate venue for asking questions about the material from the course. Email is an inefficient method for communicating course content, and I will not respond to detailed questions regarding the material other than during class or office hours.

- **Textbook:** Varian, Hal, *Intermediate Microeconomics*, 9th edition, W.W. Norton and Company. I will present only topics that are covered by the textbook, but my lectures will be based on my own notes. The textbook is useful because (a) it can provide a different perspective on material presented in class, (b) it has a more space devoted to discussions and examples, and (c) it serves as a source of exercises and practice problems. Other recent editions of the same book, or other common microeconomics textbooks (that use calculus), will have a lot of overlap in their coverage. Copies of the 8th edition of Varian's book have been placed on reserve at the Dana Porter Library.

- **Course Materials on D2L:** I will post class announcements, assignments and other relevant material on the [Desire2Learn](http://learn.uwaterloo.ca) network, <http://learn.uwaterloo.ca>

- **Topics:** This is a theoretical course principally devoted to market behaviour: we start from the theory of consumer and producer choices; we proceed to general equilibrium theory; we consider normative properties of market equilibria such as welfare and efficiency; and finally, we study market failures, namely those that can be generated by externalities and public goods.

*Room 131, Department of Economics, University of Waterloo, Hagey Hall of Humanities, Waterloo, Ontario, Canada N2L 3G1. Office phone: 519-888-4567 x. 33635. Email: jgforand@uwaterloo.ca. My [website](http://arts.uwaterloo.ca/~jgforand): <http://arts.uwaterloo.ca/~jgforand>

- i. Consumer Choice
 - (a) Review: ECON201 with calculus (Varian chapters 2-8).
 - (b) Endowments (Varian chapter 9).
 - (c) Intertemporal Choice (Varian chapter 10).
- ii. Producer Choice
 - (a) Profit Maximisation (Varian chapter 20).
 - (b) Cost Minimisation (Varian chapter 21).
 - (c) Duality.
- iii. General Equilibrium
 - (a) Exchange (Varian chapter 32).
 - (b) Production (Varian chapter 33).
- iv. Welfare.
 - (a) First Welfare Theorem (Varian chapters 32 and 33).
 - (b) Second Welfare Theorem (Varian chapters 32 and 33).
 - (c) Welfare Functions (Varian chapter 34).
- v. Market Failure
 - (a) Externalities (Varian chapter 35).
 - (b) Public Goods (Varian chapter 37).

- **Evaluation:** There will be five assignments, two midterms and a final exam.

- i. Assignments are worth 10% of the final grade, and their aim is to help you integrate the material from class and prepare you for the exams. Teamwork is expected (and to some degree recommended), although each student must hand in their own assignment.
- ii. Each midterm is held during class hours and is worth 20% of the final grade. The first midterm will take place on Thursday January 28, and the second midterm will take place on Thursday March 3. The subjects covered by the midterms will be specified in class prior to the test.
- iii. The final exam is worth 50% of the final grade. The material on the final is cumulative.

- **Policy on Missed/Late Assignments and Tests:** Late assignments will not be marked. If you are not in class to hand in your assignment, you must make arrangements for me to receive it before the end of the class during which the assignment is due. No make-up tests will be provided for the midterm exams. Students who miss a midterm and do not have a relevant medical certificate will receive a mark of zero. Students with a valid medical certificate will have the weight of the relevant midterm added to their final

exam. If a student misses the final exam, the resulting procedure is outlined in the Economics department's [Deferred Final Exam Policy](https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy), <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>

- **Dealing with Plagiarism and Other Academic Offences:**

- i. **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. 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 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. 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://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm), <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>
- ii. **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](http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm), Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>
- iii. 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://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm), <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>
- iv. **Academic Integrity Website (Arts):**
http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html
Academic Integrity Office (UW): <http://uwaterloo.ca/academicintegrity>
- v. Note for students with disabilities. The AccessAbility Services (AS) Office, located in NH 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.