

**University of Waterloo**  
**Department of Economics**  
**Economics 401**  
**Microeconomic Theory 3**  
**Monday, Wednesday 10:00-11:20, PHY 150**

**Course Outline Winter 2016**

**Instructor Information**

Instructor: John Burbidge  
Office: HH-125  
Office Hours: MW 1:00-2:00, or by appointment  
Email: [jburbidg@uwaterloo.ca](mailto:jburbidg@uwaterloo.ca)  
Web: <http://artsonline.uwaterloo.ca/jburbidg/>

**Course description**

The undergraduate calendar description for this course is:

The course considers a number of topics in microeconomics. Possible topics include decision theory, the analysis of uncertainty, principal-agent problems, game and information theory, social choice theory and the coordination of economic activity through prices, quantities, command and coercion.

Prereq: ECON 301; Level at least 3B Honours Economics, Honours Applied Economics, Honours Mathematical Economics (BA and BMATH), Joint Honours Economics, and Science Biotechnology/Economics students

We will study standard models of consumer and producer behavior, the expected utility model, imperfect information problems and game theory. Many of the applications will be optimal tax problems.

**Course Goals and Learning Outcomes**

Many students find the transition from undergraduate microeconomic theory courses to graduate microeconomic theory courses very difficult. This course aims to make this transition much easier for students who intend to go to graduate school in economics, and, at the same time, put those not going on to graduate school in a better position to read the journals in economics.

## **Texts**

One text for this course is A. Mas-Colell, M.D. Whinston and J.R. Green, 1995, *Microeconomic Theory* (Oxford: Oxford University Press). Much of the material we shall cover is contained in A. Deaton and J. Muellbauer, 1980, *Economics and Consumer Behavior* (Cambridge: Cambridge University Press). In October 2015 Angus Deaton won the 2015 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. His web site is here: <http://scholar.princeton.edu/deaton/home>

## **Topics**

Consumer behavior: MWG, chapters 1-3.

Aggregation: MWG, chapter 4.

Firm behavior: MWG, chapter 5.

Uncertainty: MWG, chapter 6.

A brief introduction to game theory: MWG, chapters 7-9.

## **Evaluation**

There will be five assignments, two term tests and a final exam. The assignments and their due dates will be posted on the course web site. They must be submitted in class on their due dates.

The term tests will be held on Wednesday January 27th and Wednesday March 2nd. Both tests will take place in the class period and in the room classes are held. The weights on assignments, tests and the final exam are:

Assignments: 10%

Test 1: 15%

Test 2: 15%

Final exam (cumulative): 60%

There will be no make-up assignments or tests. If a student misses an assignment or a test, and she/he can provide credible documentation for missing the assignment or the test, the weight on the assignment or test will be transferred to the final exam.

## **Economics Department Deferred Final Exam Policy**

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>.

### **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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71) (<https://uwaterloo.ca/secretariat-general-counsel/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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70>), 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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72) (<https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72>).

### **Other sources of information for students:**

[Academic Integrity website \(Arts\)](https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour)

<https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour>

[Academic Integrity Office \(UWaterloo\)](https://uwaterloo.ca/academic-integrity/)

<https://uwaterloo.ca/academic-integrity/>

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

**Note for students with disabilities:** The [AccessAbility Services](https://uwaterloo.ca/disability-services/) office (<https://uwaterloo.ca/disability-services/>), located on the first floor of the Needles Hall extension (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.