

University of Waterloo
Department of Economics
Econ 401
Microeconomic Theory 3
Fall 2014
T Th 2:30PM – 3:50PM, EV1 132

Instructor Information

Instructor: Phil Curry
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Office Hours: 10:30-11:30am Tuesdays and Thursdays, or by appointment
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Course Description

This course considers how economic agents behave when faced with incomplete information. We will develop the basic theory of choice under uncertainty and use it to examine markets in the context of asymmetric information (when agents have different information from each other) as well as social choice.

Course Goals and Learning Outcomes

This course is designed as a prep course for graduate work in economics. Strong mathematical skills are required.

Required Text

- There is no required text for this course as the material will be based exclusively on lecture notes. However, these notes will not be made available, so class attendance is critical. For those who would like a textbook for supplementary reading, two good texts are

Geoffrey A. Jehle and Philip J. Reny, *Advanced Microeconomic Theory*, 3rd edition, Toronto: Pearson, 2011

Hal R. Varian, *Microeconomic Analysis*, 3rd edition, New York: W. W. Norton and Co., 1992.

Course Requirements and Assessment

Assessment	Date of Evaluation (if known)	Weighting
Assignment 1	Sept. 25	7.5%
Assignment 2	Oct. 9	7.5%
Assignment 3	Nov. 6	7.5%
Assignment 4	Nov. 20	7.5%
Midterm Exam	Oct. 23	30%
Final Exam	TBD	40%
Total		100%

Assignments

For your assignments, you will be asked to solve mathematical problems pertaining to the material covered in the lectures.

Midterm Exam

Your midterm exam will be comprised of problems as in the assignments, true/false questions and definitions.

Final Exam

Your final exam will be comprised of problems as in the assignments, true/false questions and definitions.

Course Outline

The table below represents how I expect the course will proceed. We may take more or less time on any topic, as appropriate.

Week	Date	Topic	Readings Due
1	Sept 9, 11	Introduction to expected utility	JR 2.4.1, V 11.1
2	Sept 16, 18	Expected utility continued	JR 2.4.2, V 11.2-11.4
3	Sept 23, 25	Attitudes to risk	JR 2.4.3, V 11.5-11.7
4	Sept 30, Oct 2	Applications	JR 2.4.3, V 11.9
5	Oct 7, 9	Adverse selection	JR 8.1, V 25.6-25.8
6	Oct 14, 16	Moral hazard	JR 8.2, V 25.4-25.5
7	Oct 21, 23	Review class and midterm	None
8	Oct 28, 30	Auctions	JR 9.1-9.2
9	Nov 4, 6	Optimal selling mechanisms	JR 9.4
10	Nov 11, 13	Social choice	JR 6.1-6.2
11	Nov 18, 20	Social choice continued	JR 6.3
12	Nov 25, 27	Conclusion and review class	None

Late Work

Assignments are due by the end of class on the due date given. Late assignments received less than 24 hours after the deadline will be given a 25% penalty. Assignments received after 24 hours will not be marked.

No make-up tests will be provided for the midterm exam. Students who do not have a relevant medical certificate or other documentation will receive a mark of zero. Students with a valid documented reason for missing the exam will have the weight of the midterm added to their final.

Electronic Device Policy

It is acceptable for students to bring laptops to class, especially for the purposes of taking notes. Please make sure your cell phones are on silent, however.

Attendance Policy

While the recommended textbooks do cover the material of this course, they do so in a manner that is different (and complementary) to the lectures. The assignments and exams will be based on the material as it is presented in the lectures. As such, students are strongly encouraged to attend all classes and take good notes.

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).

Note for Students with Disabilities

The Office for Persons with Disabilities (OPD), 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 OPD at the beginning of each academic term.