

**UNIVERSITY OF WATERLOO**

**Department of Economics**

**Economics 201 (001) – Microeconomic Theory 1**

**Fall 2011**

**Lecture:** Tuesday and Thursday 2:30-3:50, PAS 2083

**Instructor:** Ryan George

**Office:** Hagey Hall, room 218

**Phone:** 519-888-4567 ext. 33169

**Office Hours:** Wednesday 12:30-2pm

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**Course Description:**

This course covers foundational theoretical material in microeconomics. We will begin with models of consumer and producer behaviour based on principles of optimization and construct a theory of competitive markets. We will then examine theories of market influence using modifications of perfect competition and game theoretic approaches.

**Course Objectives:**

Through lectures, reading and practice in solving problems the course aims to:

1. Encourage an appreciation for the process of model-building in microeconomics.
2. Develop a capacity to reason about economic questions.
3. Gain familiarity with graphical, algebraic and verbal means of analyzing models.

**Evaluation:**

Midterm Examination 1 (October 11)	25%
Midterm Examination 2 (November 15)	25%
Final Examination (Exam Period)	50%

**Midterm Exams:** There will be two midterm exams worth 25% each of the final grade in class on October 11<sup>th</sup> and November 15<sup>th</sup>. They will test students' acquisition and dexterity with the material in the lectures and problem sets.

**Final Exam:** The comprehensive final exam will be scheduled during the formal exam period. It will count for 50% of the final grade.

**Problem Sets:** Three sets of practice questions will be posted along with solutions on UW-ACE course-page. These problems offer students a chance to assimilate the material and practice solving exam-type problems, and **are not a component of students'**

**evaluation.** Students may gain additional facility with the material by doing problems from the textbook and optional ‘workouts’ exercise books.

**Missed work with valid reasons:** If a student is unable to take a midterm exam for documented reasons her/his mark will be calculated by transferring the weight of the missed exam to the final exam.

**Required Textbook:** Varian, H. R., 2006, *Intermediate Microeconomics: A Modern Approach*, 8th Ed. (Earlier editions are acceptable, though it is the student’s responsibility to ensure that they are familiar with material added to the 8<sup>th</sup> edition, viz. Chapter 29 Game applications).

**Communicating with the instructor.** The instructor will rely upon UW-ACE to make announcements, and post problem sets and their solutions. Please use email for administrative concerns. I will be available during office hours to discuss course material, or by appointment in cases where students cannot attend them.

**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. 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,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

**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://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

**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>

**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 (UW):** <http://uwaterloo.ca/academicintegrity/>

**Accommodation for Students with Disabilities:**

**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.

**Course Schedule:**

Date	Lecture Topic	Textbook Chapter	Problem Set
<b>Week One</b>			
September 13	Introduction to Course	1. The Market	
September 15	Optimal Consumer Choice I: Introduction, Budget Constraint	2. Budget Constraint, 5.1	
<b>Week Two</b>			
September 20 and 22	Optimal Consumer Choice II: Utility, Preferences and Choice	3. Preferences and 4. Utility	PS 1 posted with solutions
<b>Week Three</b>			
September 27	Demand and Slutsky	6. Demand, 8. Slutsky Equation	
September 29	Consumer's Surplus	14. Consumer's Surplus	
<b>Week Four</b>			
October 4	Market Demand	15. Market Demand	
October 6	Review of Demand Theory		
<b>Week Five</b>			
October 11	MIDTERM EXAM I		
October 13	Equilibrium	16. Equilibrium	
<b>Week Six</b>			
October 18	Exchange	31. Exchange	
October 20	Optimal Producer Choice I: Technology and Cost	18. Technology 20. Cost Minimization	

<b>Week Seven</b>			
October 25	Optimal Producer Choice I contd.		PS 2 posted with solutions
October 27	Optimal Producer Choice II: Profit Maximization	19. Profit Maximization	
<b>Week Eight</b>			
November 1	Supply – Firm and Industry	22. Firm Supply 23. Industry Supply	
November 3	Monopoly	24. Monopoly	
<b>Week Nine</b>			
November 8	Oligopoly	27. Oligopoly	
November 10	Review of Supply Theory and Market Equilibrium		
<b>Week Ten</b>			
November 15	MIDTERM EXAM II		
November 17	Strategic Interaction I	28. Game Theory	
<b>Week Eleven</b>			
November 22	Strategic Interaction II	29. Game Applications	PS 3 posted with solutions
November 24	Strategic Interaction III		
<b>Week Twelve</b>			
November 29	Review of Theories of Market Power and Interaction		
December 1	Course Summary		