

**UNIVERSITY OF WATERLOO**  
**Department of Economics**  
**ECON 301: Microeconomic Theory 2 (Section 1)**  
**Course Outline – Winter Term 2011**

**Instructor:** Corey Van de Waal

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**Office hours:** Tuesdays and Thursdays 12:00pm – 1:30pm (Starts January 11<sup>th</sup> and ends March 31<sup>st</sup>).

Office hours for the Final Exam Period will be announced in March.

If these office hours are not convenient for you, I am also available by arranging a mutually convenient appointment.

**Economics Clinic:** Winter term hours and locations to be announced.

**Class Meets:** 10:00am - 11:20am Tuesdays and Thursdays.

**Classroom:** AL 208

**Please Note: On Tuesday, March 15, 2011 class will be cancelled  
to accommodate the March Break Open House.**

**BRIEF SUMMARY:**

This course is the second course in the microeconomics sequence. We will build on the fundamental material of ECON 201 by considering the pricing and employment of inputs, game theory, Cournot's and Stackelberg's models of quantity competition, Lontief's input – output model, general equilibrium theory, Pareto optimal theory, welfare economics, externalities, public goods, and information economics. This course will integrate the mathematical tools that students gained in ECON 211 into the standard microeconomic analysis.

**PREREQUISITES:** ECON 201, ECON 211

**EVALUATION:** Two in-class midterm examinations and a final examination in April.

**MIDTERMS AND FINAL EXAMINATION**

The dates of the in-class midterm exams are:

**Tuesday, February 15<sup>th</sup>, 2011**

**&**

**Thursday, March 17<sup>th</sup>, 2011**

The midterms will be written in the class period on the dates specified above and the best result will be worth 30% of your final grade with the second best result being worth 20% of your final grade. The final exam, which will be scheduled by the registrar during the examination period in April, will constitute 50% of your final grade and will be comprehensive (i.e. cover all course material from beginning to end).

## **COURSE NOTES:**

I have prepared a set of course notes that are available for purchase in the UW Bookstore at a cost of about \$30. The cost of the course note set covers the printing and binding cost only. You are not required to purchase the course note package; I will also post the course notes on UW ACE.

## **TEXTBOOK:**

There is no required text for this course. Inevitably, some students like to have a text as a reference. Whichever text you used in ECON 201 will suffice as a supplement to the course notes and lecture content. If you had no required text for ECON 201 and wish to buy a supplement, I recommend the following text:

**Textbook (optional):** Varian, H. R. "Intermediate Microeconomics: A Modern Approach", 7<sup>th</sup> edition, Norton, Toronto, 2006, 715 pages.

Examinations in this course are based on the material contained in the course notes and presented as lecture content (which are strong complements, not substitutes...see Policy on Class Attendance).

## **TOPICS COVERED:**

- Mathematics Review
- Lontief's Input / Output Model
- Introduction to Game Theory
- Cournot and Stackelberg Quantity Competition
- Pricing and Employment of Inputs
- General Equilibrium and Welfare Economics
- Public Goods, Externalities, and Information Economics
- Consumer Choice

**Policy on Missed Tests:** No make-up tests will be provided. Students who do not have a relevant medical certificate will receive a mark of zero on any missed test and their final grade will be computed in accordance with the formula specified above. For students who miss one of the midterms (or both) and have a relevant medical certificate the weight of the missed test will be transferred to the final exam.

**Policy on remarking of Tests:** If you feel that your test was not marked properly, you must advise the instructor within 5 business days of the date on which the test is handed back to the class. Any student that submits a test for remarking should understand that the entire test will be remarked and that their grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

**Policy on Class Attendance:** Class attendance is an integral part of your educational experience. While attendance is not a graded component of this course, it is an important component in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.

To protect course integrity, as well as to provide appropriate guidance to students, all course outlines in the Faculty of Arts must incorporate the following note on avoidance of academic offenses (motion passed at Arts Faculty Council, 1999 April 13; slight modifications made at Senate UG Council, 2004; **statement revised** in light of changes to policies 70, 71 and new policy 72 passed by Senate UG Council May 2008):

**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.

**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>

**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. 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>

**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>

*“How to Avoid Plagiarism and Other Written Offences: A Guide for Students and Instructors” - <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.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.*