

University of Waterloo
Department of Economics
ECON 201
Microeconomic Theory for Business and Policy
Spring 2019
MW 10:00-11:20 AM. AL-208

Instructor Information

Instructor: **Andrés Arcila**
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Course Description

This course covers the conceptual groundwork in microeconomic theory typically used for analyzing choices of people within the market process. The purpose of the course is to expose students to the economic way of thinking beyond the introductory microeconomics level. Regardless of whether you will deal with economic policy professionally, we all deal with the intended and the unintended consequences of economic policy as citizens. Understanding those consequences can lead to more informed decisions by individuals, firms, and whole societies. We will begin by examining the microeconomic theory of people's consumption decisions. Next, we turn to analyzing producers' decisions using the model of the firm. We then combine the two basic microeconomic building blocks— consumer choice and producer choice—to see how consumers and producers interact within the market. There are many different kinds of markets, but we will focus on four main types: competitive markets, monopoly, oligopoly, and monopolistic competition.

Course Goals and Learning Outcomes

Upon completion of this course, students should be able to:

- Explain the general theoretical approach adopted in microeconomics;
- Reason about economic questions in a systematic, theoretically grounded way;
- Graphical, algebraic, and verbal means to express and communicate economic ideas and concepts.

To get the most out of the course, students are strongly encouraged to attend all lectures, and participate in class discussion. Knowledge of basic algebra is required for the course. A specific

timetable indicating which topics will be discussed on a specific lecture date is provided but our progress will depend on class ability and interest in the lecture materials. For this reason, the contents of each week may change during the semester.

Required Text

- No formal textbook is required. However, this course will be loosely based on 'Intermediate Microeconomics: a Modern Approach' (9th edition) by Hal Varian, Norton 2014 (previous editions should work too).

Readings Available on LEARN

- Lecture slides, assignments and assignment solutions will be posted on LEARN.

Course Requirements and Assessment

Assessment	Date of Evaluation (if known)	Weighting
Assignments (4 assignments)	---	20%
Midterm 1	May 29th	20%
Midterm 2	July 8th	20%
Final Exam	TBA	40%
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Total		100%

Midterms

Midterms are in class, closed book, no aids of any kind.

Final Exam

The final exam is cumulative and will test all of the material in the course. It is closed book, no aids. The final exam is scheduled by the Registrar's office during the final examination period. Travel plans are not an acceptable reason to reschedule a final exam. Also note that the final will not be rescheduled under any circumstances if both midterms have been missed.

Course Outline

This class schedule is ambitious. Modifications and/or eliminations of certain content might be required given our limited time together. Any necessary modifications or eliminations to the course content will be communicated to you in the regular class period.

Part 1: Consumer Theory

1. **The Market** – (Recommended Readings: Varian, H. Ch 1, pg. 1 – 19)
2. **Budget Constraint** (Recommended Readings: Varian, H. Ch 2, pg. 20 – 32)
3. **Preferences** (Recommended Readings: Varian, H. Ch 3, pg. 34 – 52)
4. **Utility** (Recommended Readings: Varian, H. Ch 4, pg. 57 – 70)

5. **Choice** (*Recommended Readings: Varian, H. Ch 5, pg. 73 – 90*)
6. **Demand** (*Recommended Readings: Varian, H. Ch 6, pg. 96 – 115*)

Part 2: Producer Theory

1. **Technology** (*Recommended Readings: Varian, H. Ch 19, pg. 350 – 362*)
2. **Profit Maximization** (*Recommended Readings: Varian, H. Ch 20, pg. 363 – 380*)
3. **Cost Minimization** (*Recommended Readings: Varian, H. Ch 21, pg. 382 – 393*)
4. **Cost Curves** (*Recommended Readings: Varian, H. Ch 22, pg. 396 – 411*)
5. **Firm Supply** (*Recommended Readings: Varian, H. Ch 23, pg. 413 – 429*)

Part 3: Market Equilibrium

1. **Market Demand** (*Recommended Readings: Varian, H. Ch 15, pg. 270 – 287*)
2. **Equilibrium** (*Recommended Readings: Varian, H. Ch 16, pg. 293 – 313*)
3. **Industry Supply** (*Recommended Readings: Varian, H. Ch 24, pg. 431 – 455*)
4. **Monopoly** (*Recommended Readings: Varian, H. Ch 25, pg. 458 – 477*)
5. **Monopoly Behavior** (*Recommended Readings: Varian, H. Ch 26, pg. 480 – 502*)
6. **Oligopoly** (*Recommended Readings: Varian, H. Ch 28, pg. 516 – 538*)

Information on Plagiarism Detection

Assignments are meant as a learning opportunity. It is acceptable and sensible practice to work in study groups, and to discuss solution approaches. However, assignments must be individually written and submitted. Obvious cases of “copying” will result in a zero grade.

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

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](#) and the [Arts Academic Integrity webpage](#) for more information.

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](#). For typical penalties check [Guidelines for the Assessment of Penalties](#).

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](#). When in doubt, please be certain to contact the department's administrative assistant who will provide further assistance.

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](#).

Note for Students with Disabilities

The [AccessAbility Services](#) office, 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.

If Using Turnitin in your Course

Turnitin.com: Text matching software (Turnitin®) will be used to screen assignments in this course. This is being done to verify that use of all material and sources in assignments is documented. Students will be given an option if they do not want to have their assignment screened by Turnitin®. In the first week of the term, details will be provided about arrangements and alternatives for the use of Turnitin® in this course.

Note: students must be given a reasonable option if they do not want to have their assignment screened by Turnitin®. See [guidelines for instructors](#) for more information.

Faculty of Arts-required statements for undergraduate course outlines

Cross-listed Course (if applicable)

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.