

**University of Waterloo**  
**Department of Economics**  
**Econ 290: Models of Choice in Competitive Markets (Section 001)**  
**Fall 2018**  
**Class Hours: Tuesdays and Thursdays, 10-11:20 am; Classroom: PHY 235**

**Instructor Information**

**Instructor:** Alain-Desire Nimubona

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When e-mailing the instructor, always use your university e-mail address. Please also write "ECON 290" in the subject line of the e-mail, and include your name and student ID number.

**Office Hours:** Mondays and Wednesdays, 1:00 -2:00 pm, or by appointment

Office hours are the appropriate venue for asking questions about the material from the course. Email is an inefficient method for communicating course content, and I will not respond to detailed questions regarding the material other than during class or in office hours.

**Course Description**

Choice lies at the heart of all economic models. This course focuses on choice by consumers and firms. It explains the notion and use of utility functions and budgets, and shows how their interaction allows economists to make predictions about consumer behaviour. The constrained maximization techniques from ECON 211 are used extensively, and extended to situations covering uncertainty (risk) and time. Profit maximization by firms is explored.

**Topics**

1. The fundamental model of economic choice
  - a. Alternatives and budgets
  - b. Preferences and utility functions
2. Consumer choice
  - a. Utility maximisation
  - b. Application: the Law of Demand
3. Intertemporal choice
  - a. Lifetime utility maximisation
  - b. Application: consumption dynamics and permanent income
4. Producer choice
  - a. Production technology
  - b. Profit maximisation
  - c. Application: returns to scale and firm size
  - d. Cost minimisation

- e. Application: costs and profits
- 5. Choice Under Uncertainty
  - a. Expected utility maximisation
  - b. Application: attitudes to risk and insurance contracts
  - c. Application: Managing environmental risk with liability.

Please note that there is a voluminous amount of material to cover in this course. We will attempt to get as far through the above topic list as our limited time will allow.

**Textbook**

There is no required textbook for this class, and my lectures will be based on my own notes. Students are responsible for obtaining notes for lectures that they do not attend. The topics from class are all covered by standard intermediate microeconomics textbooks (that use calculus), and I recommend that you read through the relevant sections of some such book because (a) it can provide a different perspective on material presented in class, (b) it has a more space devoted to discussions and examples, and (c) it serves as a source of exercises and practice problems. Here is a (non exhaustive) list of such textbooks (any edition is suitable):

1. Varian, H., Intermediate Microeconomics
2. Perloff, J.M., Microeconomics: Theory and Applications with Calculus.

Please note that both textbooks have been placed on reserve (3 hours) at the Dana Porter Library.

**Course Materials Available on LEARN**

I will be posting class announcements, assignments and other relevant materials on the LEARN web site (<http://learn.uwaterloo.ca>). It is the student’s responsibility to keep her/himself current with the posted materials as well as maintaining an understanding of the lecture content.

Notes:

- The LEARN site is down occasionally. Please always save the course materials to your computer as soon as they are posted.
- Students writing test and exams are responsible to save course materials on LEARN before the access to their courses is shut off (normally on the first day of classes of the next term).

**Course Requirements and Assessment**

There will be five individual assignments, two midterms and a final exam. The five individual assignments in this course will collectively be worth 10% of your final grade. The two midterms will be written in the class period at the dates and locations specified below and the results will be worth 20% of your final grade for each midterm. The subjects covered by the midterms will be specified in class prior to the test. The final exam will constitute 50% of your final grade and will be comprehensive (i.e. cover all course material from beginning to end).

Assessment	Date of Evaluation	Location	Weighting
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<b>Individual Assignments (5)</b>	TBA		10%
<b>Midterm #1</b>	Thursday, October 4	DC 1350	20%
<b>Midterm #2</b>	Thursday, November 8	DC 1350	20%
<b>Final Exam</b>	TBA	TBA	50%
<b>Total</b>			100%

Notes:

- The individual assignments are to be handed in during class, and the due dates for all assignments will be announced on LEARN. Each student must hand in his or her own assignment.
- The final exam for this class will be scheduled by the Registrar's Office.

### **Policy on Missed/Late Assignments and Tests**

Any assignment that is not handed in to me during the lecture at which this assignment is due will not be marked and will receive a grade of zero. If you miss that lecture due to illness and therefore cannot hand in your assignment, it will be accepted at the next lecture you attend if accompanied by a relevant medical certificate (the UW Verification of Illness Form is the only acceptable medical document).

No make-up tests will be provided for the midterm tests. Students who miss a midterm and do not have a relevant medical certificate will receive a mark of zero. Students with a valid medical certificate will have the weight of the relevant midterm added to their final exam. If a student misses the final exam, the resulting procedure is outlined in the Economics department's Deferred Final Exam Policy, <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>

### **Electronic Device Policy**

The classroom is a handheld-device-free zone. Please turn off all handheld devices and put them away for the duration of the lecture. Laptop computers may only be used to view lecture material. Photographic devices as well as audio or video recording devices are not permitted in class due to copyright and privacy issues.

### **Policy on Remarking of Tests**

If you feel that your test was not marked properly, you must advise the instructor within 6 calendar 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 would be remarked and that their grade may improve, remain unchanged or perhaps even decrease as a result of the remarking process.

### **Attendance Policy**

Class attendance is an integral part of your educational experience. While attendance is not an explicitly graded component of this course, it is an important factor in ensuring your complete understanding of the material presented. Students are responsible for all material presented in the scheduled lecture periods whether they choose to attend lectures or not. Please note that I will not lend my notes to any

student for any reason. If a student misses a class for whatever reason, it is her/his own responsibility to make sure that s/he gets access to all the material and information discussed in class.

### **Intellectual Property**

Students should be aware that this course contains the intellectual property of their instructor, TA, and/or the University of Waterloo. Intellectual property includes items such as: (i) Lecture content, spoken and written (and any audio/video recording thereof); (ii) Lecture handouts, presentations, and other materials prepared for the course (e.g., PowerPoint slides); (iii) Questions or solution sets from various types of assessments (e.g., assignments, quizzes, tests, final exams); and (iv) Work protected by copyright (e.g., any work authored by the instructor or TA or used by the instructor or TA with permission of the copyright owner).

Course materials and the intellectual property contained therein, are used to enhance a student's educational experience. However, sharing this intellectual property without the intellectual property owner's permission is a violation of intellectual property rights. For this reason, it is necessary to ask the instructor, TA and/or the University of Waterloo for permission before uploading and sharing the intellectual property of others online (e.g., to an online repository).

Permission from an instructor, TA or the University is also necessary before sharing the intellectual property of others from completed courses with students taking the same/similar courses in subsequent terms/years. In many cases, instructors might be happy to allow distribution of certain materials. However, doing so without expressed permission is considered a violation of intellectual property rights.

Please alert the instructor if you become aware of intellectual property belonging to others (past or present) circulating, either through the student body or online. The intellectual property rights owner deserves to know (and may or may not have already given their consent).

### **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](#) 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.

### **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.