

**University of Waterloo  
Department of Economics  
Economics 393 Online  
Market Failures**

**Course Outline Spring 2020**

**Instructor:** John Burbidge

**Communication**

I do not use Learn. All the information for this course will be posted at:

[John Burbidge's web page](#)

You are responsible for checking the above web site Monday through Friday each week of the term. My email address is [jburbidg@uwaterloo.ca](mailto:jburbidg@uwaterloo.ca). You can email me at this address and I will try to respond within 24 hours. Any work you submit to me must be hand-written (not typed) on lined paper. Then, in a single email message, send an image of each page to me at [jburbidg@uwaterloo.ca](mailto:jburbidg@uwaterloo.ca). For the last few weeks of the Winter 2020 term, most students scanned their answers to pdf files. Please send images that do NOT have to be rotated to be read. Please put Econ 393, your name and your id number in the subject line of your email. Failure to follow these rules may result in a lower grade.

**Course description**

The undergraduate calendar description for this course is:

**Market Failures**

This course explores the many ways in which the assumptions of the perfectly competitive model are violated in the real world, and the consequences of these market failures for consumers and firms. The course examines potential government intervention to "fix" the failures as well as the limits of government intervention. Topics include monopoly/monopsony, externalities, the tragedy of the commons, public goods, asymmetric information, and incomplete information.

Prereq: ECON 391

## **Text**

There is no text for this course. Ted Bergstrom, who teaches at UC Santa Barbara, does as good a job as anyone at covering most of the topics listed in the course outline above. His web site is here:

## **Ted Bergstrom**

and sample problems for much of the material covered in the course are here:

## **Workouts**

## **Topics**

Monopoly and monopsony: **Workouts**, pp. 297-320

Externalities: **Workouts**, pp. 409-419

Public goods: **Workouts**, pp. 433-440

Asymmetric information: **Workouts**, pp. 441-448

Directed search survey: R. Wright et al., <http://www.nber.org/papers/w23884>

Equilibria in overlapping-generations models

## **Evaluation**

The final grade will be based on assignments, quizzes and tests. You must complete: (1) at least 5 assignments; (2) at least 4 quizzes; (3) at least one of Tests 1 and 2; (4) Test 3. If you satisfy conditions (1), (2) and (3), the weight on any missed work will be shifted to Test 3.

### **Assignments (10% of the final grade)**

Assignments will be posted on Mondays and will be due the following Friday. For example, Assignment 1 will be posted on Monday May 11<sup>th</sup> and your answers to it emailed to the email address above on Friday May 15<sup>th</sup>. There will be eleven (11) assignments over the term. Each week's assignment will be worth 1 mark, to a maximum of 10 for the term.

### **Quizzes (40% of the final grade)**

There will be nine quizzes on the following Tuesdays: May 19<sup>th</sup>, May 26<sup>th</sup>, June 2<sup>nd</sup>, June 16<sup>th</sup>, June 23<sup>rd</sup>, June 30<sup>th</sup>, July 14<sup>th</sup>, July 21<sup>st</sup> and July 28<sup>th</sup>. The eight highest grades will count 5% each towards the final grade.

### **Tests (50% of the final grade)**

There will be three tests on the following Tuesdays: June 9<sup>th</sup>, July 7<sup>th</sup>, and August 4<sup>th</sup>. The first two tests will be worth 15% each and the third test will be worth 20% of the final grade.

**Note: Further information on the timing of assignments, quizzes and tests will be posted on the course web site.**

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### Economics Department Deferred Final Exam Policy

#### **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.

#### **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. 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.

### **Accommodation for Students with Disabilities**

**Note for students with disabilities:** The AccessAbility Services office, located on the first floor of the Needles Hall extension (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.

### **Mental Health Support**

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

#### **On Campus**

- Counselling Services: [counselling.services@uwaterloo.ca](mailto:counselling.services@uwaterloo.ca) / 519-888-4567 ext 32655
- MATES: one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

#### **Off campus, 24/7**

- Good2Talk: Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- Here 24/7: Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- OK2BME: set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS website

Download UWaterloo and regional mental health resources (PDF)

Download the WatSafe app to your phone to quickly access mental health support information

### **Territorial Acknowledgement**

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabeg and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.