

**University of Waterloo
Department of Economics**

**Econ 393 Market Failures
T&Th 10am-11:30am in AL208**

Instructor

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Office Hours: Tuesdays, Thursdays, Noon-1:30pm

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Course Description

This course explores the various occurrences of inefficient allocation of resources leading to market failures. The course examines the sources of departures from the perfectly competitive market benchmark model and assumptions and how each can be modified to understand and evaluate economic and policy outcomes.

Recommended Textbooks

TN: Microeconomics: an intuitive approach with calculus, Thomas Nechyba. First (2011) or second edition (2017).

JP: Microeconomics: Theory and Applications with Calculus, Global Edition, Jeffrey Perloff. 4th edition (2018).

For a quick and handy summary of mathematical concepts used in this course, see the [online tutorial](#) by Martin Osborne.

Readings Available on LEARN

Notes and Complementary readings will be posted on LEARN on an ongoing basis.

Course Delivery and Pandemic related Contengencies

This course has been designed for an in-person delivery only. Students who are required to isolate following current public health guidelines on Covid-19 symptoms and testing can access the material posted on LEARN. They will need to contact the instructor and virtual office hours can be scheduled for questions on the missed material. Assignments are always submitted remotely on a LEARN dropbox.

If the instructor needs to isolate on a day the course and office hours take place, students will be emailed a Webex link to switch to remote delivery of teaching and office hours for that day.

In case of a temporary campus closure, the course will be delivered online. In case the closure falls on the week of a midterm test, the test will be postponed to a date when campus reopens.

Course Requirements and Learning Assessment

Assessment	Date of Evaluation	Weighting
Participation	Bi-weekly	10
Assignment 1	May 26 th	10
Midterm 1	June 16 th	25
Assignment 2	June 30	10
Midterm 2	July 14 th	25
Assignment 3	July 26 th	20

Course Topics and Schedule

Weeks	Topics	Chapters TN or JP
1-2	Review of the competitive equilibrium, efficiency and welfare concepts	TN14-16, JP8, JP10
3-4	Price distortions	TN18-19, JP9
May 26 th	Assignment 1 due	
5-6	Externalities	TN21, JP17
June 16 th	Midterm 1	
7-8	Asymmetric or incomplete information	TN17, TN22, JP18, JP19
June 30	Assignment 2 due	
9-10	Monopoly/monopsony	TN23, JP11
July 14 th	Midterm 2	
11-12	Rents and rent seeking	TN28
July 26 th	Assignment 3 due	

Participation

At the end of a topic/class, students will write down a question (submitted by email) which will be addressed/discussed in the following class. Details on format of questions, timing and submission will be posted on LEARN.

Assignments 1 and 2

Students will be asked to solve economic problems both mathematically and with intuitive explanations, interpretations and recommendations. Some questions may include finding applications of the economic problem studied in the news. Group work on assignments 1 and 2 are encouraged but answers must be written and submitted individually.

Midterms

Students will be tested on the key concepts, why and how formalisation is important in analyzing the economic outcome or issue. Each test (June 16th, July 14th) will take place on the day (and in the classroom) of the course's regular scheduled classes.

Assignment 3

This assignment is a writing assignment. Student will present an economic problem identified in recent news and discuss whether and in what ways it is considered a market failure, propose the modeling tools to frame the issue appropriately and to support recommendations on whether and how government intervention would be effective or not. Requirements, expectations and formatting of the assignment will be posted on LEARN.

Late Work

Late submission of assignments are subject to a 10% point daily penalty submitted late. Unsubmitted assignments will receive a 0.

Missed Test

There is no make-up test for a missed midterm. A student who is ill and misses a midterm test needs to provide appropriate medical documentation to **the instructor within 48 hours of the missed test**. If the appropriate documentation has been submitted on time, the weight of the midterm test will be shifted to the other midterm test. A student with covid19 symptoms & positive test requiring isolation on the day of a midterm test needs to contact the instructor within 24 hours of the missed test to request a deferred midterm test.

Under no circumstances will the weight of both missed midterms be shifted onto assignments. Students need to **write at least one of the two midterm tests** to pass this course. A missed midterm test could be scheduled during the deferred exam period.

Grading Policy

Grades will be entered on LEARN. Students who would like their test or assignments regraded need to ask the instructor at the end of the class it was returned. The regrading will apply to the entire material and may not automatically result in a higher grade than before.

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.

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.

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 / 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.