

**University of Waterloo**  
**Department of Economics**  
**ECON 401**  
**Microeconomic Theory 3**  
**Fall 2017**  
**MW 4:00 – 5:20PM, EV3 3412**

**Instructor Information**

Instructor: Phil Curry  
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Office Phone: 519-888-4567 x32644  
Office Hours: 2:30-3:30pm Mondays and Wednesdays, or by appointment  
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**Course Description**

This course considers how economic agents behave when faced with incomplete information. We will develop the basic theory of choice under uncertainty and use it to examine markets in the context of asymmetric information (when agents have different information from each other) as well as social choice.

**Course Goals and Learning Outcomes**

This course is designed as a prep course for graduate work in economics. Strong mathematical skills are required.

**Required Text**

- There is no required text for this course as the material will be based exclusively on lecture notes. However, these notes will not be made available, so class attendance is critical. For those who would like a textbook for supplementary reading, two good texts are

Geoffrey A. Jehle and Philip J. Reny, *Advanced Microeconomic Theory*, 3rd edition, Toronto: Pearson, 2011

Hal R. Varian, *Microeconomic Analysis*, 3rd edition, New York: W. W. Norton and Co., 1992.

**Course Requirements and Assessment**

Assessment	Date of Evaluation (if known)	Weighting
Assignment 1	Sept. 27	7.5%
Assignment 2	Oct. 18	7.5%
Assignment 3	Nov. 15	7.5%
Assignment 4	Nov. 29	7.5%
Midterm	Nov. 1	30%
Final Exam	TBD	40%
Total		100%

## Assignments

For your assignments, you will be asked to solve mathematical problems pertaining to the material covered in the lectures.

## Midterm Exam

Your midterm exam will be comprised of problems as in the assignments, true/false questions and definitions.

## Final Exam

Your final exam will be the same format as the midterms: problems as in the assignments, true/false questions and definitions.

## Course Outline

The table below represents how I expect the course will proceed. We may take more or less time on any topic, as appropriate.

Week	Date	Topic	Readings Due
1	Sept 11,13	Introduction to expected utility	JR 2.4.1-2, V 11.1-11.4
2	Sept 18, 20	Attitudes to risk	JR 2.4.3, V 11.5-11.7
3	Sept 25, 27	Applications	JR 2.4.3, V 11.9
4	Oct 2, 4	Applications cont'd	JR 2.4.3, V 11.9
5	Oct 13, 16, 18	Adverse Selection	JR 8.1, V 25.6-25.8
6	Oct 23, 25	Moral Hazard	JR 8.2, V 25.4-25.5
7	Oct 30, Nov 1	Review and Midterm	JR 9.1
8	Nov 6, 8	Auctions	JR 9.2
9	Nov 13, 15	Optimal selling mechanisms	JR 9.4
10	Nov 20, 22	Social choice	JR 6.1-6.2
11	Nov 27,29	Social choice continued	JR 6.3
12	Dec 4	Review	None

## Late Work

Assignments are due by the end of class on the due date given. Late assignments received less than 24 hours after the deadline will be given a 25% penalty. Assignments received after 24 hours will not be marked.

No make-up tests will be provided for the midterm exam. Students who do not have a relevant medical certificate or other documentation will receive a mark of zero. Students with a valid documented reason for missing the exam will have the weight of the midterm added to their final.

## 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, however.

## **Attendance Policy**

While the recommended textbooks do cover the material of this course, they do so in a manner that is different (and complementary) to the lectures. The assignments and exams will be based on the material as it is presented in the lectures. As such, students are strongly encouraged to attend all classes and take good notes.

## **Economics Department Deferred Final Exam Policy**

Deferred Final Exam Policy found at <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/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 xt 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), Anishinaabe 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.