

UNIVERSITY OF WATERLOO
Department of Economics
Course Outline

ECON 701 Section 001
Microeconomic Theory II
Winter 2019
TTh 13:00-14:20, HH 259

Instructor Information

Instructor:	L-A Busch
Office:	HH 127
Office Hours:	TTh 11:00-12:00
Email:	lbusch@uwaterloo.ca

Notes on contacting the instructor by email

When sending email, please use your official uwaterloo account and have ECON 701 in the subject line. It is generally a good idea to have a signature line that includes your full name and student ID. Even though email is free and easy to send, that does not mean that it is free and easy to answer. Do not expect immediate answers.

Course Description

This is a course on some select topics in the core of economic theory. We will be chiefly concerned with General Equilibrium (starting with Walrasian equilibrium, and progressing to Arrow-Debreu and Radner equilibrium). The second part of the course will address issues of informational asymmetries and look at Adverse selection, signalling and screening, and at moral hazard in Principial-Agent problems. Much of the material you likely are somewhat familiar with from intermediate micro theory courses, but we will try to be more careful (in terms of mathematics and logic). This course is one in theory -- that means that much more rigour in the analysis will be required and that we focus on the model itself. Most examples are therefore of the "toy example" variety in order to get certain points across.

Textbook:

The textbook is Mas-Colell, Whinston, Green, *Microeconomic Theory*, Oxford 1995.

Other References:

The text is advanced and requires some effort to read. You may wish to supplement your reading with Hal Varian's *Microeconomic Analysis* or Jehle and Reny's *Advanced Microeconomic Theory*. For game theory part you may also wish to consult Fudenberg and Tirole *Game Theory*, MIT 1991, or Osborne and Rubinstein, *A Course in Game Theory*, MIT 1994.

Evaluation

Assessment	Date of Evaluation (if known)	Weighting
Final Exam	April exam period	60%
Midterm	March 7, in class	30%
Assignments	various	10%

Final Exam

The final exam is cumulative, written in the regular exam period in a 2.5hr time slot. It is closed book and no calculators or other aids will be allowed.

Midterm

Written during regular class time on March 7. Closed book and no calculators/aids.

Assignments

Posted on LEARN and solutions will be posted on LEARN after the due date. Due at the beginning of class on their due date. No late assignments will be accepted.

Course Outline

1. **Introduction:**
 - a. A view of “the forest” and where we plan to go in it
2. **General equilibrium in competitive markets:**
 - a. Review (ch 15)
 - b. Welfare Properties (ch 16)
 - c. Positive Theory of General Equilibrium (ch 17)
3. **General Equilibrium -- Extensions:**
 - a. GE under Uncertainty (ch 19)
 - b. GE and Time (ch 20)
4. **Information Asymmetries:**
 - a. Adverse Selection, Screening, Signalling (ch 13)
 - b. The Principal-Agent Problem (ch 14)

The fine print:

1. There will be no adjustments to the grading scheme. Especially not for an individual student.
2. Students are encouraged to discuss their questions about or problems with the course and course material with me in person during office hours, or after class for shorter clarifications. Group consultations are welcomed and we can book appointments and a room for larger study groups.
3. Classes are in essence a private interaction of instructor and students. Consequently no audio or video recordings are permitted without the explicit consent of all participants. University regulations prohibit the use of photographic devices in class. This includes cell phone pictures.
4. There is no “make-up” midterm. If the midterm is missed for an acceptable reason the weight from the midterm is transferred to the final exam. In all other cases a zero mark will be recorded.

University and Faculty Statements

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.

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](#).

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](#).

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read [Policy 72 - Student Appeals](#).

Other sources of information for students

[Academic integrity](#) (Arts) [Academic Integrity Office](#) (uWaterloo)

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services office](#), located in Needles Hall Room 1132, 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.