

**University of Waterloo**  
**Department of Economics**  
**Econ 701**  
**Microeconomic Theory II**  
**Winter 2021**  
**Remote Delivery**

**Instructor and T.A. Information**

Instructor: Phil Curry  
Office Hours: TBD  
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**Course Description**

This course examines how societies allocate scarce resources. At its heart is the Walrasian equilibrium, which we study in some detail addressing both positive issues (does the equilibrium exist? is it unique/stable?) and normative issues (is the resulting allocation desirable?). In addition, we shall consider alternatives to the market mechanism. This question is central to the theory of mechanism design. We look at the tools a policy maker has at her disposal if she wants to implement a socially desirable allocation (but lacks some relevant knowledge). Since the analysis in this section is primarily game theoretic, we will spend some time developing the necessary tools. Finally, in order to evaluate and compare allocations from the point of view of society as a whole, we shall introduce the theory of social choice. Here we learn about social choice/welfare functions, Arrow's theorem, and the properties of some real-life aggregation mechanisms such as majority voting.

**Course Goals and Learning Outcomes**

This course continues the goals of Econ 601 in laying the foundations of microeconomic analysis required of all PhDs in economics.

**Required Text**

- Mas-Colell, A. Whinston, M.D. and Green, J.R., Microeconomic Theory, Oxford University Press, 1995.

Note that this book is available through the UW online store as an e-book. Here is the link:  
<https://uwaterloo-store.vitalsource.com/products/microeconomic-theory-andreu-mas-colell-michael-d-v9780197546185?term=9780195073409>

**Course Requirements and Assessment**

Assessment	Date of Evaluation (if known)	Weighting
4 Assignments	To be determined	30% total
Midterm	Week of Feb 22-26	30%
Final Exam	To be determined	40%
Total		100%

**Late Work**

Assignments are due in the dropbox on LEARN by the due date given. Late assignments submitted less than 24 hours after the deadline will be given a 25% penalty. Assignments submitted more than 24 hours late will not be marked.