

ADVANCED MICROECONOMICS I
ECONOMICS 3382B-001
Department of Economics
Western University

Instructor: Victor Aguiar

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Office: SSC 4060

Phone: (519) 661-2111 ext. 86786

E-mail: vaguiar@uwo.ca

Office Hours: M: 2:30-3:30

Class meeting times & location: M: 12:30-2:30; W:1:30-2:30 SSC 3014

Course website: <https://owl.uwo.ca/portal>

Undergraduate inquiries: 519-661-3507, SSC 4075, or econ-undergrad@uwo.ca

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://studentservices.uwo.ca/secure/index.cfm>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite Note

The prerequisites for this course are **Economics 2261A/B**; and **Economics 2210A/B**, OR both of the former **Linear Algebra 1600A/B** and **Calculus 1501A/B**. (**Calculus 1301A/B** with a mark of at least 85% will be allowed as a substitute for **Calculus 1501A/B**.)

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Description

This course is an advanced undergraduate study on consumer theory, decision theory and behavioral economics. We first explore the concept of rational decision making in the classical environments and derive its theoretical and empirical implications. Later we will study experimental evidence about how consumers really behave. Finally, we will study new theoretical models of behavioral economics that try to capture the experimental facts we have learned.

Course Learning Outcomes

As a result of taking this course the students will understand the basics on decision and consumer theory. They will improve their understanding of mathematical economics and have a first approximation to economic modelling (modelling of a decision maker). Also they will have a basic knowledge of behavioral economics and the most important models in this field.

Textbook

There is no required textbook for this course.

We will use instead: Class notes uploaded after the first class in OWL.

Evaluation

Problem sets (total of 5; the problem set with the worst score will not count): 10%

Midterm 1 (Monday February 12, 6:00–7:30 p.m., location to be announced): 25%

Midterm 2 (Wednesday March 14, 6:00–7:30 p.m., location to be announced): 25%

Final (two hours, to be scheduled by the Registrar): 40%

Problem Sets

There will be five problem sets for this course. They will be posted in advance on the course information website. The problem sets are due on the following dates in class: January 24 (Problem set #1), January 31 (#2), February 28 (#3), March 28 (#4), and April 4 (#5). No late problem sets will be accepted. You can work on the problem sets in groups. However each student is supposed to submit an individual problem set and list the names of the people in his/her study group. The problem set with the worst score will not count for the calculation of the final mark.

Topics

Class 1: Basics of Decision Theory.

Class 2: Rationality and the Strong Axiom of Revealed Preference.

Class 3: Classical Consumer Theory: Basics of Preference Relations

Class 4: Basics of Preference Relations

Class 5: The Utility Maximization Problem

Class 6: The Expenditure Minimization Problem

Class 7: Empirical Implication of Utility Maximization

Class 8: Slutsky Matrix and Afriat's Theorem

Class 9: Testing Rationality: Experimental Evidence

Class 10: Topics in Consumer Theory: Homothetic and Quasilinear. Aggregation.

Class 11: Consumption Over Time: Exponential Discounting

Class 12: Consumption Over Time: Hyperbolic Discounting

Class 13: Choice Under Uncertainty.

Class 14: Utility for Money and Risk Aversion: Applications

Class 15: Bounded Rationality and Experimental Evidence

Class 16: Behavioral Consumer Theory: Limited Attention.

Class 17: Consideration Sets

Class 18: Search and Satisficing

Class 19: Random Choice

Class 20: Rational Inattention (1)

Class 21: Rational Inattention (2)

Class 24: Non-Expected Utility Models.

Class 25: Temptation and Self-Control

Note : The details of the schedule and the content may be adjusted in the course of the semester.

Please Note

Department Policies for 2017 – 2018

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2017/pg136.html>.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at <http://westerncalendar.uwo.ca/2017/pg113.html>).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (<http://westerncalendar.uwo.ca/2017/pg112.html>). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at:

http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals).

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

Last day to **add** a 2nd term half course:
Tuesday, January 16th, 2018

Last day to **drop** 2nd term half course without academic penalty:
Wednesday, March 7th, 2018
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

*Academic accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counsellor. If your documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your *home* Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar at <http://westerncalendar.uwo.ca/2017/pg111.html>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

Statement on Mental Health and Support Services

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit <http://www.uwo.ca/uwocom/mentalhealth/> for more information and a complete list of resources, as well as how to obtain help.