

ADVANCED MICROECONOMICS
ECONOMICS EC3382A-001
Department of Economics
Western University

September 2018

General Information:

Instructor: Victor Aguiar
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E-mail: vaguiar@uwo.ca
Office hours: M 2:30-3:30
Classroom meeting time(s) & location: T 12:20-2:30, Th 12:30-1:30 UCC 41
Course website: <https://owl.uwo.ca/portal>
Undergraduate inquiries: 519-661-3507 or SSC Room 4075 or econugrd@uwo.ca

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this 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://student.uwo.ca>. 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 any anti-requisite courses. 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 Objectives:

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.

Grading:

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

Midterm 1 (Thursday, October 4th 2018 take-home): 25%

Midterm 2 (Tuesday Nov 6th, take-home): 25%

Final (take-home TBD): 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: September 18 (Problem set #1), September 25 (#2), October 2 (#3), October 16 (#4), and November 20 (#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.

No classes: September 4th, September 6th, October 2nd, 2018.

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

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

Please Note
Department Policies for 2018-2019

Remember that the University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they 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://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf.
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 an official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the Student Academic Appeals section in the current Western Academic Calendar at:
http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14.

Please note the relevant deadlines.

The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for their appeal. A 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:

Deadline to <u>add</u> a first term half course:	Friday September 14, 2018
Deadline to <u>drop</u> a first term half course:	Monday November 12, 2018
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

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

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or having their value reweighted on a retroactive basis, is **not** permitted. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.

Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

Students who seek a makeup exam must also provide supporting medical or other relevant documentation that their absence from a scheduled test or exam is beyond their control. Documentation should be submitted to the Academic Counselling Office of the student's *home* Faculty **as soon as possible (preferably within 24 hours of the scheduled test)**. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. If the documentation submitted is not acceptable, students will receive a zero for the missed test.

For personal illness, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit. The off-campus medical certificate form must also 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 religious or compassionate circumstances, students should ask their Academic Counsellor what documentation to provide. If 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 exams). Once students have this form, they must contact their instructor as soon as possible to make arrangements. Even if approved by their Academic Counsellor, there is no guarantee that students will be allowed to write the makeup test/exam.

For final examinations, students need to seek permission from their *home* Faculty Counsellor, Instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in a grade of zero. Students 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. If approved, makeup examinations will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

The Faculty of Social Science's policies regarding academic accommodation is found at http://counselling.ssc.uwo.ca/procedures/having_problems/index.html.

"Academic Rights and Responsibilities" are also outlined in the Western Calendar at <http://westerncalendar.uwo.ca/PolicyPages.cfm?PolicyCategoryID=1&command=showCategory&SelectedCalendar=Live&ArchiveID=>. 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 the instructor deems a student's class attendance as unsatisfactory, that student may be prohibited from writing the final examination. If there is intent to make use of this University policy, the student will be notified in writing.

Statement on Mental Health and Support Services

Students under emotional/mental distress should visit http://uwo.ca/health/mental_wellbeing/ for more information and a complete list of resources on how to obtain help.