ECON 9180: Economics of Uncertainty

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It should be noted that this course syllabus provides a general plan for the course and deviations may be necessary.

Important Dates:

08/28  Last Day to add/drop classes
09/07  Labor Day (University official holiday  no classes)
10/13  Semester Midpoint; Last Day to Withdraw
11/23 11/29  Thanksgiving Break (University official holiday - no classes)
12/07  Last day of lectures

Important Notice: Please be advised that after the midpoint of the course, you will be given a WF if you are on the roll, but no longer taking the class.

Statement on Academic Honesty: Students are expected to abide by GSU’s policy on academic honesty, which is published in the student handbook. A portion of this policy follows:

“As members of the academic community, students are expected to recognize and uphold standards of intellectual and academic integrity. The University assumes as a basic and minimum standard of conduct in academic matters that students be honest and that they submit for credit only products of their own efforts... The student is responsible for understanding the legitimate use of resources; the appropriate ways of acknowledging academic, scholarly, or creative indebtedness; and the consequences of violating this responsibility”

If you have questions about academic honesty, please see me.

Locations: Langdale Hall 323.

Time and Date: 12:00-13:15, Mondays and Wednesdays.

Office Hours: Walk in, or you may email me to arrange an appointment.
Others: (1) Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance of the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which accommodation is sought. (2) Your constructive assessment of this course plays an indispensable role in shaping education at GSU. Upon completion of the course, please take time to fill out the online course evaluation.

Overview: The course will divide roughly into two parts. Part I will develop some useful tools of economics of uncertainty including individual choice behavior under uncertainty, individual risk attitudes and measurements of risk aversion. Part II will be devoted to extensions and applications of the materials developed in Part I.

Evaluations: Your final grade for the course will be based on an exam (30%), your class presentations (35%), and a term paper (35%).

Texts: The following books are useful for the course.


Topics and Reading Assignments: Below are some tentative suggestions of the topics and the reading materials that we intend to cover in this course.

I. Foundations

I.1 Individual Choice Behavior under Uncertainty
I.1.1 Expected Utility Theory
I.1.2 Nonexpected Utility Theories
I.1.3 Preference for Flexibility

I.2 Risk and the Measurement of Risk Aversion
   I.2.1 Risk Attitudes, Measures of Risk Aversion and Risk
   I.2.2 Stochastic Dominance

II. Extensions and Applications
   II.1 Quality-of-life index
   II.2 Risky Social Situations
   II.3 Organizational Decision Making
   II.4 Corruption
   II.5 Ambiguity
   II.6 Temptation and Self-Control
Readings:

I. Foundations

I1.1 Expected Utility Theory: chs 1, 2 and 4 of Wakker
I1.2 Nonexpected Utility Theory: chs 5-9 and chs 10-12 of Wakker
I1.3 Preference for Flexibility: Kreps, Econometrica 1979, or Kreps 1988

I2 Riskiness and Risk Aversion: chs 3, 4 of Wakker

III. Quality-of-Life Index


II2. Risky Social Situations


II3. Organizational Decision Making


II4. Corruption


II5. Ambiguity


II6. Temptation and Self Control


