

# Consumer Theory and Behavior Syllabus

Agricultural and Applied Economics 5740  
Spring 2020 MW 8:10 to 9:25 a.m.

Agriculture Building 2024

## Overview

Humans make infinite decisions in the course of the day. Consider the following plate of food. Decisions were made along the food supply chain to bring you this plate. The items on the plate make up your choice set and are determined by incomes, market prices, and food market availability. What you actually eat depends on your consideration of taste, culture, dietary concerns, and hunger.



In this class, you will develop your ability to predict, analyze, and communicate demand choices with each other and other economists using advanced microeconomic theory. You will translate economic theory principles to models of consumer choice. Our study focuses on neoclassical economic analysis of consumer decisions based on utility theory. You will receive a thorough, in-depth exposure to graduate-level utility theory. Over the centuries, economists have developed additional theorems and axioms to support and extend utility theory. Thus, we will also examine 20<sup>th</sup> and 21<sup>st</sup> extensions of the theory into household, consumer, and behavioral economics. You will read selected research articles, exposing you to historical and current findings in consumer research related to food and the environment. You will research and communicate applications of the theory to classmates.

## Learning Objectives

1. Interpret consumer and market-based economic relationships using advanced economic theory.
2. Interpret findings of current consumer economic behavior and demand research.
3. Translate consumer economic theory frameworks to empirical data analysis and household modeling.

## Meet Your Professor



Your consumer theory and behavior guide is Dr. Mariah Ehmke. I am associate professor of Agricultural and Applied Economics. My consumer demand and behavior-related research is on topics including food safety and fraud, child nutrition and obesity, local food marketing, genetic modification of food, origin labeling, functional foods, and organic production. In addition to consumer demand and behavior studies, I am also actively involved in research related to biodiversity conservation, pollination service production, and child immunization (health economics). I enjoy many parts of my job including work with graduate students and research collaboration with colleagues. I grew up on wheat farm in Kansas and went to Kansas State University for my undergraduate degree, majoring in human ecology. I received my masters in agricultural economics from The Ohio State University and doctorate in agricultural economics from Purdue University. I look forward to getting to know all of you this semester and learning about your interests. If you need to contact me outside of class, please e-mail me at [mariah.ehmke@uwyo.edu](mailto:mariah.ehmke@uwyo.edu). My office phone number is (307) 766-5373.

## Office Hours

Office hours are in my office, AG 212. You can secure a specific span of office hour time using the sign-up sheet in class. If these hours don't work for you, please e-mail or call for another appointment.

Day	Start	End
Monday	1:15 p.m.	2:45 p.m.
Wednesday	1:15 p.m.	2:45 p.m.

## Course Prerequisites

The course will operate on the premise that all students have completed a course in undergraduate calculus. You are strongly recommended to have completed an intermediate microeconomics course equivalent to ECON 3020 at the University of Wyoming. Students also need to have completed or be concurrently enrolled (i.e., a co-requisite) in an econometrics course such as AGECE 5230. Alternative courses in statistical regression, such as STAT 5015, may suffice for non-majors upon consultation with Dr. Ehmke.

## Homework and Assignments

An integral part of this class is active, cooperative learning. Research shows humans learn and retain more knowledge when they have an opportunity to practice skills and discuss readings with each other. Thus, in addition to the lecture and chalk time professor Ehmke provides, we will work together in class to disentangle challenging problems and concepts. As a graduate student, you will be asked to participate and even lead this group work.

### *Problem Sets*

In order to assure mastery of basic techniques, you will complete a series of on-paper and on-line problem sets. When you purchase the Varian textbook, you will

receive access to the SmartWorks system for problem practice. We will work problems using that system as well as from the end of textbook chapters. Additional problems may be assigned from outside resources.

### *Readings and Research Assignments*

You will also familiarize yourself with consumer research challenges and issues through a series of assignments: discussing recommended readings, analyzing journals and reporting on significant developments in different areas of consumer economics, and completing a research paper and presentation on an issue of special issues to you.

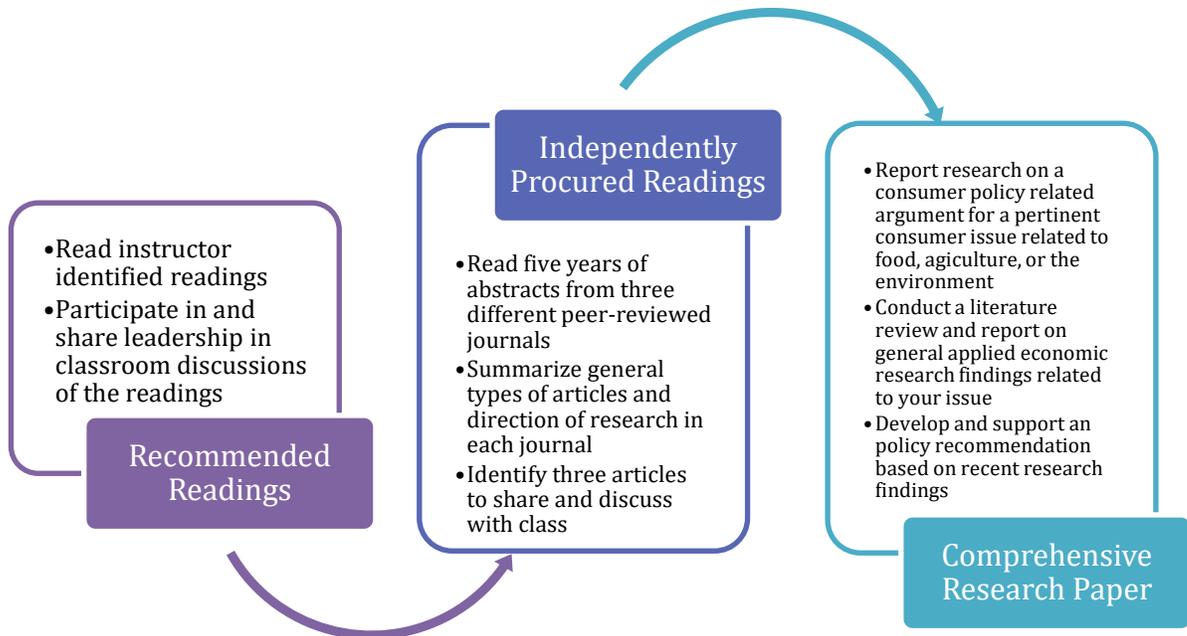


Figure 1. Research literacy and consumer economic research assignments

**Course Reading List Assignment:** Each week, we will have recommended readings to look up or download from WyoCourses. During Wednesday’s class, one of you will lead the discussion for one of the readings. We will have two discussions most Wednesdays. Each discussion leadership opportunity contributes 20 points to your overall grade. When you are presenting, you will be evaluated on your mastery of the article content and stimulation of class conversation. On days you are NOT leading a discussion, you will be evaluated on your preparedness and participation in the discussion (5 points).

**Personal Reading List Assignment:** There will be particular topics you will be more interested in pursuing on your own. Many of these, you may find have a journal related to consumer issues on the topic. In this assignment, you are to read the abstracts from the last five years of journals in three different peer-reviewed journals related to your interest. You write a two-page summary of the general trends you seen in the selection of articles the journal publishes, noting those you may find most or least important to

applied economics research. You will select one article from each journal to present to the class, describing its attraction to you, and strengths and weaknesses of the research in a 12-15 minute presentation at the beginning of a Monday morning class. The IDEAS/RePEc journal rankings page ([ideas.repec.org/top/top.journals.all.html](http://ideas.repec.org/top/top.journals.all.html)) has a list of all possible journals to consider for this purpose. Journals that are especially pertinent to our field include the following:

*World Development*

*Energy Journal*

*Experimental Economics*

*Journal of Health Economics*

*Agricultural Economics*

*American Journal of Agricultural Economics*

*Australian Journal of Agricultural and Resource Economics*

*Environmental and Resource Economics*

*Review of Environmental Economics and Policy*

*Land Economics*

*Food Policy*

*Health Economics*

*Journal of Agricultural and Applied Economics*

*Journal of Agricultural and Resource Economics*

*Journal of Agricultural Economics*

*Agribusiness*

### *Comprehensive Research Paper*

There are a multiple public policy and food marketing issues facing consumers today. This assignment challenges you to engage in real-world consumer problems and develop evidence-based recommendations for policy or strategies to address those issues. You will write a ten to twelve page research paper on an issue of interest to you. You will also give a 15 minute presentation to the class in the last few weeks of the semester.

### *Exams and Quizzes*

There will be two mid-term exams worth 50 points per exam. Each exam will be in-class period, not extending beyond one hour and fifteen minutes in length. The final exam will be worth 75 points. All exams will contain a mix of questions—short answer, multiple choice, true false, labeling, and etc. There may be up to four additional five point quizzes through the semester. These will be announced one class period ahead of each quiz.

### **Texts and Readings**

#### *Required Books*

Varian, Hal. 2020. *Intermediate Microeconomics with Calculus*. New York: Norton.<sup>1</sup>

Turabian, Kate L. 2017. *A Manual for Writers of Research Papers, Theses, and Dissertations*. Edited by Wayne C. Booth, Gregory G. Colomb, Joseph M. Williams, Joseph Bizup, William T. Fitzgerald, and The University of Chicago Editorial Staff. Chicago: University of Chicago Press.

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<sup>1</sup> Norton On-Line Resources, the school ID is UWYO and Student Set ID is 215448.

*Course Reserve Books* (Available in Coe Library front desk for two-day check out periods.)

- Becker, Gary. 1976. *The Economic Approach to Human Behavior*. Chicago, IL: University of Chicago Press.
- Lancaster, Kelvin. 1991. *Modern Consumer Theory*. Great Britain: Edward Elgar.
- Silberber, Eugene, and Wing Suen. 2001. *The Structure of Economics: A Mathematical Analysis*. Boston, MA: McGraw-Hill.
- Deanton, Agus, and John Muellbauer. 1980. *Economic and Consumer Behavior*. Cambridge, UK: Cambridge University Press.

### *On-Line*

On-line support for this course will be delivered via WyoCourses. You may accessed WyoCourses at <http://www.uwyo.edu/wyocourses>. This will be a resource students can use to receive assignments, view grades, access on-line readings and lectures, and review course information.

### *Recommended Books*

- Henderson, James M. and Richard E. Quandt. 1971. *Microeconomic Theory: A Mathematical Approach*. St. Louis: McGraw Hill.
- Jehle, Geoffrey A. and Philip J. Reny. 2011. *Advanced Microeconomic Theory*. New York: Prentice Hall.
- Kreps, David M. 1990. *A Course in Microeconomic Theory*. Princeton, New Jersey: Princeton University Press
- Perloff, Jeffrey M. 2013. *Microeconomics: Theory and Applications with Calculus (3<sup>rd</sup> Edition)*. Upper Saddle, New Jersey: Pearson.

### *Additional Resources*

It is recommended that you have one intermediate microeconomics book to reference during this course. It should be one that “speaks to you” and helps you understand general concepts. Here are a few suggestions:

- Ferguson, C.E. 1967. *Microeconomics*. Homewood, Illinois: Richard D. Irwin, Inc.
- Pindyck, Robert S. and Daniel L. Rubenfield. 1998. *Microeconomics*. Upper Saddle River, NJ: Prentice-Hall, Inc.
- Varian, Hal R. 1996. *Intermediate Microeconomics*. New York: W.W. Norton and Company.

If you are in need of further econometric insight may I suggest the following references:

- Hill, Carter R., William E. Griffiths and George G. Judge. 2001. *Undergraduate Econometrics*. New York: John Wiley and Sons, Inc.
- Gujarati, Damodar N. 2003. *Basic Econometrics*. New York: McGraw-Hill Irwin.
- Gujarati, Domadar. 2006. *Essentials of Econometrics: Third Edition*. New York, NY: McGraw-Hill Irwin.
- Greene, William H. 2003. *Econometric Analysis*. Upper Saddle, New Jersey: Prentice Hall.
- Kementa, Jan. 1971. *Elements of Econometrics*. New York: McMillan.

If you are in need of references for mathematical economics information, try the following:

Chiang, Alpha C. 1984. *Fundamental Methods of Mathematical Economics (Third Edition)*. San Francisco: McGraw-Hill.

Dowling, Edward T. 1992. *Shuam's Outlines of Theory and Problems of Introduction to Mathematical Economics*. New York: McGraw-Hill.

Klein, Michael W. 2002. *Mathematical Methods for Economics (Third Edition)*. San Francisco: Addison-Wesley.

### Grading

The course grade will be determined through student performance on graded assessments including quizzes, problem sets, exams, discussion leadership and participation, problem presentations, and other tasks that may be assigned during the semester.

Grades will be communicated throughout the semester using WyoCourses. This is *only* a communication tool. The official grade will be calculated using Microsoft Excel and may correct for rounding errors in WyoCourses.

The final grades will be assigned the following scale.

Grade	Percentage	Grade Point	Definition
A	> 90	4.00	Exceptional
B	8 to 89.9	3.00	Very Good
C	70 to 79.9	2.00	Fair
D	60 to 69.9	1.33	Poor
F	<60	0	Failure
S			Equivalent to C or better
U			Equivalent to D or F
P			Passing (for mid-semester grades only)

Tentative assignments and related points:

<b>Assignment</b>	<b>Quantity</b>	<b>Points/Assignment</b>	<b>Total</b>
<b>Course Reading List Assignment</b>	2	20	40
<b>Personal Reading List Assignment</b>	3	20	60
<b>Discussion Participation</b>	12	5	60
<b>Out-of-Class Problems (On-Line or Paper)</b>	12	10	120
<b>Quizzes</b>	3	5	15
<b>Term Paper and Presentation</b>	1	50	50
<b>Mid-Term Exams</b>	2	50	60
<b>Final Exam</b>	1	75	75
		<b>Total</b>	

Each student may also choose to present one more problem in class for up to 10 additional, extra credit points.

## **Final Exam**

The final exam is Friday, May 15 from 8:00 to 10:00 a.m. in our classroom, unless otherwise indicated. **Do not** make travel arrangements to plan to leave finals week early. Social situations, including weddings, are not excused absences.

## **Disabilities and Accommodations**

Students with disabilities are welcome in this class. If you have a disability that will impede your ability to complete the course requirements in any way, please notify the instructor as soon as possible. She will make arrangements to meet your needs in a confidential manner. If you would like additional information, you may also look at the University Disability Support Services website:

<http://uwadmnweb.uwyo.edu/UDSS/student>

## **Ethics, Collaboration, and Academic Dishonesty**

Following the University Code of Ethical Conduct, students in this course are expected to work toward professional excellence. They must also adhere to ideals of integrity, respect, and responsibility. Collaboration is encouraged in the learning process. Sexual harassment and discrimination are not tolerated in class collaboration processes. The highest standards of academic honesty are expected in this course. More information about student ethical conduct can be found at the following site:

<http://www.uwyo.edu/generalcounsel/files/docs/code-of-ethics.pdf>.

Academic dishonesty is defined as an academic act “attempted or performed which misrepresents one’s involvement in an academic task in any way, or permits another student to misrepresent the latter’s involvement in an academic task by assisting misrepresentation (UW Regulation 802).” Any act of academic dishonesty will not be tolerated in this course and will result in a failing course grade. More information policies and procedures (UW Regulation 2-114) related to academic dishonesty can be found here: [https://www.uwyo.edu/regs-policies/files/docs/section-2-regulations-july-2018/uw\\_reg\\_2-114\\_format\\_effective\\_7-1-18.pdf](https://www.uwyo.edu/regs-policies/files/docs/section-2-regulations-july-2018/uw_reg_2-114_format_effective_7-1-18.pdf)

## **Statement on Diversity**

The University of Wyoming values an educational environment that is diverse, equitable, and inclusive. The diversity that students and faculty bring to class, including age, country of origin, culture, disability, economic class, ethnicity, gender identity, immigration status, linguistic, political affiliation, race, religion, sexual orientation, veteran status, worldview, and other social and cultural diversity is valued, respected, and considered a resource for learning.

## **Duty to Report**

UW faculty are committed to supporting students and upholding the University's non-discrimination policy. Under Title IX, discrimination based upon sex and gender is prohibited. If you experience an incident of sex- or gender-based discrimination, we encourage you to report it. While you may talk to a faculty member, understand that as a "Responsible Employee" of the University, the faculty member **MUST** report

information you share about the incident to the university's Title IX Coordinator (you may choose whether you or anyone involved is identified by name). If you would like to speak with someone who may be able to afford you privacy or confidentiality, there are people who can meet with you. Faculty can help direct you or you may find info about UW policy and resources at <http://www.uwyo.edu/reportit>.

You do not have to go through the experience alone. Assistance and resources are available, and you are not required to make a formal complaint or participate in an investigation to access them. However, please be aware that I have some reporting requirements that are part of my job requirements at UW.

For example, if you inform me of an issue of sexual harassment, sexual assault, or discrimination I will keep the information as private as I can, but I am required to bring it to the attention of the institution's Title IX Coordinator. If you would like to talk to those offices directly, you can contact Equal Opportunity Report and Response (Bureau of Mines Room 319, 766-5200, [report-it@uwyo.edu](mailto:report-it@uwyo.edu), [www.uwyo.edu/reportit](http://www.uwyo.edu/reportit)). Additionally, you can also report incidents or complaints to the UW Police Department. You can also get support at the STOP Violence program ([stopviolence@uwyo.edu](mailto:stopviolence@uwyo.edu), [www.uwyo.edu/stop](http://www.uwyo.edu/stop), 766-3296) or SAFE Project ([www.safeproject.org](http://www.safeproject.org), [campus@safeproject.org](mailto:campus@safeproject.org), 766-3434, 24-Hour hotline: 745-3556).

Another common example is if you are struggling with an issue that may be traumatic or unusual stress. I will likely inform the Dean of Students Office or Counseling Center. If you would like to reach out directly to them for assistance, you can contact them by going to [www.uwyo.edu/dos/uwyocares](http://www.uwyo.edu/dos/uwyocares).

Finally, know that if, for some reason, our interaction involves a disruptive behaviour or potential violation of policy, I inform the Dean of Students, even when you and I may have reached an informal resolution to the incident. The purpose of this is to keep the Dean apprised of any behaviours and what was done to resolve them.

### **Policies to Foster a Positive Learning Environment**

1. Please come promptly to every class ready to learn and interact with your classmates. If you are unable to attend a class, notify the instructor prior to your absence. Absences on exam days must be excused. Excused absences are limited to personal hardship (mainly family tragedies) and university-sponsored activities. Students must obtain authorized absences from the Dean of Student Life's personnel. Personal trips, vacations, and etc. are not excused absences. Please see University Regulation 731 (Revision 1) for more information.
2. Plagiarism is not tolerated. According to the Council of Writing Program Administrators, "plagiarism occurs when a writer deliberately uses someone else's language, ideas, or other original (not common-knowledge) material without acknowledging its source" (The Ellbogen Center for Teaching and Learning 2006). The instructor is especially sensitive to plagiarism in writing assignments, such as those in this course. The instructor will use software to

detect plagiarism in class projects. Evident plagiarism will result in a failing course grade.

3. Late work must be avoided. Late work will only be accepted for students with an authorized absence (see above). All assignments are due at the beginning of class on the day they are assigned.
4. We all want to finish the semester and enjoy our break. Thus, incompletes must also be avoided. Incomplete grades will only be granted when the student has suffered severe personal hardship (e.g., he or she is hospitalized or loses a parent late in the semester) preventing him or her from physically completing the course.
5. You will not be allowed to use cell phones; or smart phones, reading tablets, or smart glasses in any exams or quizzes. You may only use non-programmable financial or scientific calculators. You may not program formulas or information into these devices.
6. In the event a class is canceled on the day of an exam, the exam will be offered on the class date immediately following the canceled class.
7. Grades are non-negotiable. Final grades may only be changed due to calculation or input errors. If you have any question about the validity of a grade, then you must bring it to my attention two weeks from the day/date the grade is posted.
8. Your role and responsibility includes a desire to learn and contribute to the learning experience. The instructor may exercise her right to call on any student at any time and judge his or her preparedness for class.
9. You should arrive at class meetings on time to avoid disrupting the class. Pagers and other electronic devices should be turned off before entering the classroom. Please put your cell phone in a quiet mode. If you have your cell phone and receive an *emergency* phone call, please leave the room to answer it.
10. Students who displaying signs of drug or alcohol abuse, are regularly absent, or display aggressive behavior around the instructor or classmates will be reported to the Dean of Students.
11. Disruptive behavior(s) including working on assignments from other courses, studying for other exams, web browsing, reading outside materials unrelated to the course, talking with fellow students during lectures, sleeping in class are not permitted.

### **Subject-to-Change Caveat**

Course syllabus changes will be communicated in class and via WyoWeb communication.

**Tentative Course Schedule**  
Spring 2020

<b>Week</b>	<b>Topics</b>	<b>Readings</b>	<b>Assignments and Exams</b>
January 27-31	Markets, Supply and Demand Interaction	Varian (V), p. 1-19 Radford (1945)	V, p. 19  Pre-Assessment
February 3-7	The Budget Constraint	V, p. 20-32  Deaton and Muellbauer (D&M), Ch. 1  Todd et al. (2019)  Dorfman et al. (2019)	V, p. 32  M & W Reading Discussions
February 10-14	Preferences	V, p. 34-52 D&M, Ch. 2  Costa-Font et al. (2008)  Lusk et al. (2018)	V, p. 52  M & W Reading Discussions  Quiz
February 17-21	Utility Theory, Review	V, p. 57-72 D&M, Ch. 2  Regnier and Schubert (2017)	V, p. 72  M & W Reading Discussions
February 24-27	Choice	V, p. 73-94	Mid-Term Exam 1
March 2-6	Choice, Consumer Demand	V, p. 97-117  Hayes et al. (1995)  Landry and Smith (2019)	V, p. 94 & 117  M & W Reading Discussions
March 9-13	Revealed Preference, Slutsky Equation	V, p. 120-158  Carpio and Wohlgenant (2010)  Clements and Si (2018)	V, p. 136  M & W Reading Discussions  Quiz
<b>March 16-20</b>	<b>SPRING BREAK</b>		
March 23-27	Slutsky Equation, Buying and Selling	V, p. 161-182	V, p. 157 & 182

		Nunn and Quian (2010)	M & W Reading Discussions
March 30-April 3	Intertemporal Choice	V, p. 183-204	V, p. 204  Mid-Term II
April 6-10	Uncertainty	V, p. 219-237  Anderson et al. (2008)  Andreoni and Sprenger (2012)	V, p. 237  M & W Reading Discussions
April 13-17 (NO CLASS ON MONDAY)	Consumer's Surplus	V, p. 255-271  Morey (1994)  Shou and Jensen (2019)	V, p. 270  W Reading Discussions on Wednesday Only  Quiz
April 20-24	Market Demand	V, p. 273-290  Eales and Unnevehr (1988)  Manswer and Brown (1980)	V, p. 289  M & W Reading Discussions
April 27-30	TBA (Student's Choice)		Student Research Presentations
May 4-8	Review	All Readings for Exam Review	Student Research Presentations
May 11-15	FINAL EXAM		May 15, Final Exam from 8 to 10 a.m.