



## Department of Economics Course Outline

		<b>Term:</b>	Summer 2014
<b>Course:</b>	Econ 481 [Behavioural Economics]	<b>Section:</b>	L01
<b>Time:</b>	MW 12:00 – 14:45	<b>Place:</b>	SS 012
<b>Instructor:</b>	David Johnson		
<b>Office:</b>	SS 554	<b>Telephone:</b>	403 – 220 - 5602
<b>Office Hours:</b>	T 10:30 – 11:30 R 13:30 – 15:00	<b>E-mail:</b>	<a href="mailto:johnsod@ucalgary.ca">johnsod@ucalgary.ca</a>
		<b>Website:</b>	<a href="http://econ.ucalgary.ca/johnsod">econ.ucalgary.ca/johnsod</a>

### **Textbook(s):**

None. The texts for the class will be academic readings from peer-reviewed journals.

### **Book(s) on Reserve:**

None.

### **Suggested Reading:**

Dan, A. (2009). Predictably Irrational. New York: Harper Collins.

Ariely, Dan. The (honest) truth about dishonesty: How we lie to everyone—especially ourselves. HarperCollins UK, 2012.

**About:** Economics and psychology posit different models of decision-making, each emphasizing different aspects of how individuals are motivated and process information. Behavioral economics lies at the intersection of these fields. It investigates what happens in markets when some individuals display limitations and complications not typically accounted for in the economic model of a rational decision maker.

**Grading:** There will be daily quizzes, a midterm exam and a final. They will count toward the grade as follows:

Attendance & Participation	10%
Quizzes	30%
Midterm July 21	20%
Final	40%.

**Midterm and Final:** The midterm exam will be on Monday July 21st. The final exam is on university's determined exam date. This time is common to all students and is unchangeable. The exams will be cumulative. These two exams will have multiple choice and short answer sections. The midterm will count for 20 percent of your grade while the final will count for 40 percent of

your grade. You will have the entire class time to complete these exams but I will err on the side of caution and try to keep the length reasonable. Only with documentation will I allow make-ups and in these cases the reason for your absence must be substantial (e.g. a party is not going to cut it). Any kinds of calculators are allowed for exams.

**Quizzes:** In addition to these exams, there will be numerous short quizzes to make sure you have done the necessary readings and have kept up with the material. These quizzes are cumulative. Before you begin bellyaching, keep in mind research has shown retention is higher when students take multiple short quizzes than in comparison to the traditional midterm and final. I realize that you will have something more important than class come up at some point in the semester. As such, I will only count your 6 highest quiz grades. The rest will be dropped.

**Attendance & Participation:** I will also use the quizzes to take attendance. As long as you take more than 50 percent of the quizzes, you will get full credit. Think of this as the gimme portion of your grade.

**Final Grade:** Assignments, tests and final exams are marked on a numerical (percentage) basis, and then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will apply:

A+ 98 – 100	B 75 – 79	C- 60 – 62
A 90 – 97	B- 70 – 74	D+ 55 – 59
A- 85 – 89	C+ 66 – 69	D 50 – 54
B+ 80 – 84	C 63 – 65	F 0 – 49

**Desire2Learn:** This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

## READINGS:

### Experiments Economics (Week 1)

Harrison, G. W., & List, J. A. (2004). Field experiments. *Journal of Economic Literature*, 1009-1055.

Dyer, D., & Kagel, J. H. (1996). Bidding in common value auctions: How the commercial construction industry corrects for the winner's curse. *Management Science*, 42(10), 1463-1475.

Cooper, D. J., Kagel, J. H., Lo, W., & Gu, Q. L. (1999). Gaming against managers in incentive systems: Experimental results with Chinese students and Chinese managers. *American Economic Review*, 89(4), 781-804.

Cai, H., Chen, Y., Fang, H., & Zhou, L. A. (2009). Microinsurance, trust and economic development: Evidence from a randomized natural field experiment (No. w15396). National Bureau of Economic Research.

Levitt, S. D., & List, J. A. (2007). What do laboratory experiments measuring social preferences reveal about the real world?. *The journal of economic perspectives*, 153-174.

Henrich, J., Heine, S. J., & Norenzayan, A. (2010). The weirdest people in the world?. *Behavioral and Brain Sciences*, 33(2-3), 61-83.

### **Fairness (Week 2)**

Engel, C. (2011). Dictator games: a meta study. *Experimental Economics*, 14(4), 583-610.

Bardsley, N. (2008). Dictator game giving: altruism or artifact?. *Experimental Economics*, 11(2), 122-133.

Johnson, D., Goerg, S., & Rogers, J. (2014). Can't Touch This! Similarity And The Willingness to Keep Dirty Money" (No. 2014-43)

Guth, W., Schmittberger, R., & Schwarze, B. (1982). An experimental analysis of ultimatum bargaining. *Journal of economic behavior & organization*, 3(4), 367-388.

### **Overconfidence Much? (Week 3)**

Grether, D. M., & Plott, C. R. (1979). Economic theory of choice and the preference reversal phenomenon. *The American Economic Review*, 623-638.

Camerer, C., & Lovallo, D. (1999). Overconfidence and excess entry: An experimental approach. *American economic review*, 306-318

Dunning, D., Johnson, K., Ehrlinger, J., & Kruger, J. (2003). Why people fail to recognize their own incompetence. *Current Directions in Psychological Science*, 12(3), 83-87.

### **Talk is Cheap (Week 4)**

Isaac, R. M., & Walker, J. M. (1988). Group size effects in public goods provision: The voluntary contributions mechanism. *The Quarterly Journal of Economics*, 103(1), 179-199.

Isaac, R. M., & Walker, J. M. (1988). Communication and free-riding behavior: The voluntary contribution mechanism. *Economic inquiry*, 26(4), 585-608.

Mazar, N., Amir, O., & Ariely, D. (2008). The dishonesty of honest people: A theory of self-concept maintenance. *Journal of marketing research*, 45(6), 633-644.

Shu, L. L., Mazar, N., Gino, F., Ariely, D., & Bazerman, M. H. (2011). When to Sign on the Dotted Line?: Signing First Makes Ethics Salient and Decreases Dishonest Self-reports. *Harvard Business School*. 2

Johnson, D., & Ryan, J. (2013). The Interrogation Game: Using Coercion and Rewards to Elicit Information from Groups (No. 2013-23).

Gino, F., Norton, M. I., & Ariely, D. (2010). The Counterfeit Self The Deceptive Costs of Faking It. *Psychological Science*, 21(5), 712-720.

### **Group Identity (Week 5)**

Chen, Y., & Li, S. X. (2009). Group identity and social preferences. *The American Economic Review*, 431-457.

Let the Punishment Fit the Crime

Maslet, D., Noussair, C., Tucker, S., & Villeval, M. C. (2003). Monetary and non-monetary punishment in the voluntary contributions mechanism. *American Economic Review*, 366-380.

Bochet, O., Page, T., & Putterman, L. (2006). Communication and punishment in voluntary contribution experiments. *Journal of Economic Behavior & Organization*, 60(1), 11-26.

Nikiforakis, N. (2008). Punishment and counter-punishment in public good games: Can we really govern ourselves?. *Journal of Public Economics*, 92(1), 91-112.

Davis, B. J., & Johnson, D. B. (2014). Water Cooler Ostracism: Social Exclusion as a Punishment Mechanism. *Eastern Economic Journal*.

### **Fun stuff (if time permits) (Week 6)**

Spalek, T. M., & Hammad, S. (2005). The left-to-right bias in inhibition of return is due to the direction of reading. *Psychological Science*, 16(1), 15-18.

Shoda, Y., Mischel, W., & Peake, P. K. (1990). Predicting adolescent cognitive and self-regulatory competencies from preschool delay of gratification: Identifying diagnostic conditions. *Developmental psychology*, 26(6), 978.

Mead, N. L., Baumeister, R. F., Gino, F., Schweitzer, M. E., & Ariely, D. (2009). Too tired to tell the truth: Self-control resource depletion and dishonesty. *Journal of experimental social psychology*, 45(3), 594-597.

Notes:

1. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
2. It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than seven (7) days after the start of this course.
3. The use of cell phones for any purpose in class is prohibited. Computers may be used for note-taking purposes only.

4. Students seeking reappraisal of a piece of graded term work should discuss their work with the instructor *within seven days* of work being returned to class.

Students' Union Vice-President Academic:

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Society of Undergraduates in Economics (S.U.E.):

[www.ucalgary.ca/sue](http://www.ucalgary.ca/sue)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting [sue@ucalgary.ca](mailto:sue@ucalgary.ca).

#### *Faculty of Arts Program Advising and Student Information Resources*

- Have a question, but not sure where to start? The Faculty of Arts Program Information Centre (PIC) is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns.
- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at 403-220-5881 or visit them on the 3<sup>rd</sup> Floor of the Taylor Family Digital Library.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://ucalgary.ca/ssc/writing-support/online-writing-resources>

Safewalk / Campus Security: 403-220-5333

Emergency Assembly Point: Professional Faculties Food Court

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