



## Department of Economics Course Outline

		<b>Term:</b>	Fall 2005
<b>Course:</b>	Economics 481 [Behavioral Economics]	<b>Section:</b>	01
<b>Time:</b>	TR 11:00-12:15	<b>Place:</b>	ENE 328
<b>Instructor:</b>	Dr. R. J. Oxoby		
<b>Office:</b>	SS 444	<b>Telephone:</b>	220-2586
<b>Office Hours:</b>	TR 15:00 ? 16:00	<b>E-Mail:</b>	<a href="mailto:oxoby@ucalgary.ca">oxoby@ucalgary.ca</a>

### Textbook:

- J. Baron, *Thinking & Deciding*, Cambridge University Press, 3rd Edition (required).
- R.H. Thaler, *Quasi Rational Economics*. Russell Sage Foundation, latest edition (recommended).

### Book(s) on Reserve:

- Aronson, *The Social Animal*, Freeman
- Baron, *Thinking & Deciding*, Cambridge.
- Becker and Becker, *The Economics of Life*, McGraw-Hill.
- Elster, *Addiction*, Russell Sage.
- Frank, *Economics and Behavior*, McGraw-Hill.
- Gigerenzer et al, *Simple Heuristics That Make Us Smart*, Oxford.
- Granovetter, *The Sociology of Everyday Life*, Westview.
- Hardin, *Trust & Trustworthiness*, Russell Sage.
- Hogarth, *Insights into Decision Making*, Chicago.
- Kahneman and Tversky, *Choices, Values and Frames*, Cambridge.
- Kahneman et al, *Wellbeing: The Foundations of Hedonic Psychology*, Russell Sage.
- Loewenstein et al, *Time and Decision*, Russell Sage.
- Thaler, *The Winner's Curse*, Princeton University Press.

- Thaler, *Quasi-Rational Economics*, Russell Sage.
- Thaler, *Advances in Behavioral Finance*, Russell Sage.

### Course Objectives:

Economics and psychology posit different models of decision making, each emphasizing a different aspect of how individuals are motivated and process information. Behavioral economics is the combination of economics and psychology that investigates what happens in markets when some of individuals display limitations and complications not typically accounted for in the standard model of a rational decision maker. This course will be concerned with aspects of individual behaviour that are particularly relevant to the analytical constructs utilized in conventional economic analysis.

Among the general topics to be covered are the following:

- The general subject area of behavioural economics;
- Research methods in behavioural economics, including controlled experiments;
- The model of "rational economic man": meanings of rationality, empirical evidence on non-rational behaviour and various views of the relevance of these empirical results;
- The role of preference (taste) changes in economics: various views of economic motivation, the role of preference differences in explaining economic behaviour;
- Various non-market influences of the economic system on the well being of individuals.

Students are reminded that economics 301 and 357 are prerequisites for this course. We will be using topics covered in these courses and will make use of calculus and algebra.

### Course Outline:

A detailed outline of the course topics will be handed out on the first day of class. The required text is Baron's *Thinking & Deciding* (Cambridge). In addition to the text, there are additional readings. These readings are available at the reserve desk or Blackboard.

### Grade Determination and Final Examination Details:

Final grades will be based on problem sets (20%), a midterm exam (25%, tentatively scheduled for October 20th), a final (30%, scheduled by the registrar's office), and a term paper (25%). There will be no make-up or deferred exams and late work will not be accepted.

The term paper will comprise 25% of your final grade. You should choose a topic of interest and analyze it using the tools discussed in class. A brief summary of your paper is due by November 3rd. Your summary should include a description of the issue you intend to explore, the methods you will be using, and at least two references (beyond the textbooks and notes) you have consulted. For information on the format of the paper, please consult my notes on writing a term paper. The final draft must be typed, double-spaced, and include a list of references. Final drafts must be turned in by 4 pm December 1st.

Approximately five problem sets will be handed out throughout the term, involving the analysis of problems using the methods developed in class. I strongly recommend that you take the time to work through and understand the problem sets. Exams will be of a similar nature.

Tests and final exams are marked on a numerical (percentage) basis and 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 generally apply:

A+	96-100	B	80-85	C-	58-64
A	91-96	B-	75-79	D	50-57
A-	88-90	C+	72-74	F	0-49
B+	85-87	C	65-71		

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal, the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

The 2-hour final examination will be scheduled by the Registrar and held during the final examination period in a classroom.

Students? Union Vice-President Academic:

Paige Forsyth

Phone: 220-3911

E-Mail: [kuvpaca@ucalgary.ca](mailto:kuvpaca@ucalgary.ca)

Students? Union Faculty Representative (Social Sciences)

Teale Phelps

Phone: 220-3913 Office: MSC 251

E-Mail: [socialscirep@su.ucalgary.ca](mailto:socialscirep@su.ucalgary.ca)

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

[www.fp.ucalgary.ca/econ](http://www.fp.ucalgary.ca/econ)

### Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within* fifteen days of the work being returned to the class.
- Make-up examinations and deferred examinations will not be given. Also, examinations will not be given *before* the indicated dates.

- Students' exams and assignments will be returned during regular class time. Papers may also be picked up by students during regular office hours.

Safewalk/Campus Security: 220-5333

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