

Economics 481 (L01) (Behavioural Economics)

Instructor: Alexander Jakobsen
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Lecture Location: ES 054
Lecture Days/Time: MWF 12:00 – 12:50

Office: SS446
Office Hours: MW 4:00-5:00

Winter 2020

Course Description:

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 economics and psychology, investigating behavior, interactions, and markets when individuals display psychological phenomena not typically accounted for in the standard economic model of a rational decision maker. This course will be concerned with aspects of behaviour that are particularly relevant to the analytical constructs utilized in conventional economics.

Course Learning Outcomes:

1. Develop analytic and critical thinking skills regarding the use and interpretation of economic models, methods, and analyses.
2. Introduced to methods and models in psychology, with an emphasis on areas in which economic models do not predict behaviour well and psychological phenomena that are particularly relevant to economics.
3. Introduced to the economic branch of psychological research on social preferences. Of particular importance here are models and theories of other-regarding behaviour, theories of reciprocity, and the formation of beliefs and intentions in decision making.
4. Review of theories of decision making under uncertainty from intermediate microeconomics and the introduction of new models of ambiguity and loss aversion. This includes both axiomatic approaches to decision making under uncertainty and prescriptive models (e.g. prospect theory).
5. Introduced to the theory of mental accounting and other positive theories of consumer choice. Emphasis on the application of these theories within organizations and policy contexts.
6. Review of theory of discounted utility from intermediate microeconomics and the introduction of non-exponential discounting models (e.g., hyperbolic and quasi-hyperbolic discounting). Models are applied to issues in savings, investment behaviour, and self-control.
7. Introduced to the concepts of social and personal identity from psychology and how they are applied in economics. Includes review of seminal experiments in the field of psychology and economic models that incorporate these ideas.

8. Introduced to hedonic psychology and the role of emotions in decision making. Also introduced to the concept of subjective well-being, as used in economic analyses and as a measure of economic development.
9. Develop the skills necessary to conduct research, including developing a research question, choosing an appropriate methodology, reviewing relevant literature, and communicating results. Included in this outcome are professional skills developed by giving written feedback on others' work through a peer review exercise.

Course Outline:

We will study several topics, including (1) the general subject area of behavioral economics; (2) research methods in behavioral economics, including controlled experiments; (3) the model of the "rational economic agent": meanings of rationality, empirical evidence on non-rational behavior and various views of the relevance of these empirical results; (4) the nature of bounded rationality, bounded self-interest, and bounded self-control/willpower in economic decision-making; (5) the role of preference (taste) changes in economics: various views of economic motivation, the role of preference differences in explaining economic behaviour; (6) various non-market influences of the economic system on individual well-being.

Prerequisites/corequisites:

Econ301 and 357

Required Textbook(s):

None. Links to readings will be posted on the D2L site.

Books on Reserve:

None

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> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details:

| | |
|-----------------|------|
| Assignments (3) | 30% |
| Term Paper | 30% |
| Final Exam | 40% |
| | 100% |

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

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

Update (March 2020): Assignment 3, the Term Paper, and the Final Exam will be completed electronically. Students are asked to type up their work and upload (in pdf format) to D2L. Assignment

3 is due April 6; the first draft of the term paper is due March 25, and the final draft April 15. The final exam will be posted during the regular exam period (date TBD).

The final examination will be an open-book, take-home exam. The exam will be available on D2L 24 hours before the end of the Registrar's scheduled final exam time. Students will hand in their exam in pdf format on D2L prior to the end of the scheduled completion time of their final exam using DropBox. If a student cannot write their final exam during this interval, they need to apply for a deferred exam at www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

Tests and exams will not involve multiple choice questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Honesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre 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. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.
- 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.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

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2019-11-29