

Bryn Mawr College
Econ 209: Introduction to Behavioral Economics
Spring Semester 2024

Contact Information:

Prithvijit Mukherjee
Email: pmukherjee@brynmawr.edu
Office: 202 Dalton
Office hours: Tuesday & Thursday: 3 – 4:15 pm

This syllabus provides a general plan for the course; deviations may be necessary.

Course Objective:

This course will introduce you to behavioral economics—the subfield of economics that uses economic models coupled with insights from psychology to better understand and model human behavior. The broad goal of the course is to apply these insights to understand individual decisions in risky scenarios, strategic scenarios, cooperation, attention, and more.

Prereq. ECON 105 - Introduction to Economics. You must complete Econ 105 before taking this course.

Textbooks:

There are two textbooks for this course:

1. A Course in Behavioral Economics (3rd Edition) by Erik Angner.
2. Optimally Irrational by Lionel Page.

Additional readings will be posted on Moodle.

Course Requirements:

The course requirements include homework assignments and three exams. Homework will be submitted on Moodle or in-class and must be professionally presented for full credit. These questions will be similar to the problems we solve in class and be good practice for exams. Exams 1 and 2 will be **in class**.

Component	Date	Share in total grade
Class participation		5%
Exam 1	February 19	30%
Exam 2	April 24	30%
Homework		15%
Writing assignment		5%
Proposal presentation	February 26	2.5%
Project		10%
Final presentation		2.5%

A numeric grade of 4.0, 3.7, 3.3, 3.0, 2.7, 2.3, and 2.0 will be assigned to you based on your cumulative score.

4.0: 95%-100% 3.7: 90%-94% 3.3: 87%-89% 3.0: 83%-86% 2.7: 80%-82% 2.3: 77%-79% 2.0: below 76%.

Homework

Homework will be due no less than one week after they are assigned. You must turn in your own work, but group effort is permitted and encouraged. Homework turned in late after the due date will be docked 15 percentage points every 24 hours.

Writing Assignment

These assignments provide practice in policy writing of different styles.

Opinion Editorial: Consider publications such as New York Times, The Economist, The Atlantic, NPR, and similar outlets. These articles delve into policy backgrounds and present insights derived from scholarly research while incorporating the author's viewpoints. The target audience for these pieces typically lacks extensive economics or policy expertise, and the primary goal is to provide information in an accessible and captivating manner.

Tweet Like an Economist: For this task, students will craft a concise Twitter thread, comprising no more than 5 tweets, to present the paper to an audience unfamiliar with economics. The thread will succinctly cover the primary research question, the paper's purpose, key findings, and conclude with the students' personal opinions on the results. Additional instructions will be provided during class.

Group Project

Every student in the class will engage in collaborative team-based research on a project. As part of this process, consider envisioning a research question that you would undertake, assuming you have the necessary funds and resources. It's advisable to document

responses to the provided questions, continually refining them through reflection, discussions with team members, colleagues, and the instructor. Feel free to submit your write-up at any point in its development, and don't hesitate to reach out for discussions and guidance.

1. What specific question do you aim to address? (Present your response in a single sentence concluding with a question mark.)
2. What existing knowledge do you possess regarding potential solutions to the aforementioned question?
3. Enumerate the various conceivable approaches to obtaining an answer to the previously stated question.
4. Assess the personal significance of this question to you. Evaluate the likelihood that the findings will be surprising, influential, or capable of changing perspectives.

You have a few deadlines for the Group Project.

- Initial meeting with me
- Team proposal presentation
- Running the study
- Final presentation
- Final submission of the project

Disability Support Services: Reasonable Accommodations

Bryn Mawr College is committed to providing equal access to students with a documented disability. Students needing academic accommodations for a disability must first register with Access Services. Students can call 610-526-7516 to make an appointment with the Director of Access Services, Deb Alder, or email her at dalder@brynmawr.edu to begin this confidential process. Once registered, students should schedule an appointment with the professor as early in the semester as possible to share the verification form and make appropriate arrangements. Please note that accommodations are not retroactive and require advance notice to implement. More information can be obtained at the Access Services website (<http://www.brynmawr.edu/access-services/>).

Any student who has a disability-related need to record this class first must speak with the Director of Access Services and to me, the instructor. Class members need to be aware that this class may be recorded.

Academic Honesty

I expect that all students' behavior in this course will be in accordance with the Bryn Mawr Honor Code, of which you are well aware.

Title IX:

Bryn Mawr/Haverford College is committed to fostering a safe and inclusive living and learning environment where all can feel secure and free from harassment. All forms of sexual misconduct, including sexual assault, sexual harassment, stalking, domestic violence, and dating violence are violations of Bryn Mawr/Haverford's policies, whether they occur on or off campus. Bryn Mawr/Haverford faculty are committed to helping to create a safe learning environment for all students and for the College community as a whole. If you have experienced any form of gender or sex-based discrimination, harassment, or violence, know that help and support are available. Staff members are trained to support students in navigating campus life, accessing health and counseling services, providing academic and housing accommodations, and more.

The College strongly encourages all students to report any incidents of sexual misconduct. Please be aware that all Bryn Mawr/Haverford employees (other than those designated as confidential resources such as counselors, clergy, and healthcare providers) are required to report information about such discrimination and harassment to the [Bi-College Title IX Coordinator](#).

Information about the College's Sexual Misconduct policy, reporting options, and a list of campus and local resources can be found on the College's website:

<https://www.brynmawr.edu/inside/policies-guidelines-handbooks/title-ix>

<https://www.haverford.edu/sexual-misconduct>

Tentative Course Outline:

Date	Topics	Chapter
January 22, 2024	Introduction and Why Behavioral Economics?	1
January 24, 2024	Rational choice under certainty	2
January 29, 2024	Rational choice under certainty	2
January 31, 2024	Decision Making Under Certainty	3
February 5, 2024	Decision Making Under Certainty	3
February 7, 2024	Probability Judgement	4
February 12, 2024	Judgement under Risk & Uncertainty	5
February 14, 2024	Judgement under Risk & Uncertainty	5
February 19, 2024	Exam Review	
February 21, 2024	Exam 1	
February 26, 2024	Rational Choice under Risk & Uncertainty	
February 28, 2024	Rational Choice under Risk & Uncertainty	6
March 4, 2024	Proposal Presentations	
March 6, 2024	Decision-Making under Risk & Uncertainty	7
March 11, 2024	Spring Break	
March 13, 2024	Spring Break	
March 18, 2024	Decision-Making under Risk & Uncertainty	7
March 20, 2024	Discounted Utility Model	8
March 25, 2024	Discounted Utility Model	8
March 27, 2024	Inter-temporal Choice	9
April 1, 2024	Inter-temporal Choice	9
April 3, 2024	Game Theory	10
April 8, 2024	Game Theory	10
April 10, 2024	Behavioral Game Theory / Social Preferences	11
April 15, 2024	Behavioral Game Theory / Social Preferences	11
April 17, 2024	Behavioral Policy	12
April 22, 2024	Exam Review	
April 24, 2024	Exam 2	
April 29, 2024	Presentations	
May 1, 2024	Presentations	

Additional reading

Topic 1 and 2: Rational choice and decision making under certainty

- **Heuristics:** [Caplin et al. \(2011\)](#) "Search and Satisficing"
- **Heuristics:** [Gode and Sunder \(1993\)](#) "Allocative Efficiency of Markets with Zero-Intelligence Traders: Market as a Partial Substitute for Individual Rationality"
- **Mental Accounting:** [Farber \(2005\)](#) "Is Tomorrow Another Day? The Labor Supply of New York City Cabdrivers"
- **Mental Accounting:** [Benartzi and Thaler \(2001\)](#) "Naive Diversification Strategies in Defined Contribution Saving Plans"

Topic 3: Judgement under risk and uncertainty

- **Biases & Beliefs:** [Croson and Sundali \(2005\)](#) "The Gambler's Fallacy and the Hot Hand: Empirical Data from Casinos"
- **Biases & Beliefs:** [Busse et al. \(2015\)](#) "The Psychological Effect of Weather on Car Purchases"

Topic 5 and 6: Rational choice and decision under risk and uncertainty

- **Risk & Uncertainty:** [Callen et al. \(2014\)](#) "Violence and Risk Preference: Experimental Evidence from Afghanistan"
- **Risk & Uncertainty:** [Gertner \(1993\)](#) "Game Shows and Economic Behavior: Risk-Taking on Card Sharks."
- **Risk & Uncertainty:** [Harbaugh et al. \(2010\)](#) "The Fourfold Pattern of Risk Attitudes in Choice and Pricing Tasks"
- **Risk & Uncertainty:** [Pope and Schweitzer \(2011\)](#) "Is Tiger Woods Loss Averse? Persistent Bias in the Face of Experience, Competition, and High Stakes."

Topic 7: Intertemporal choice:

- **Intertemporal choice:** [DellaVigna and Malmendier \(2006\)](#) "Paying Not to Go to the Gym."
- **Intertemporal choice:** [Ariely and Wertenbroch \(2002\)](#) "Procrastination, Deadlines, and Performance: Self-Control by Precommitment."

Topic 8: Game theory and social preferences:

- **Game theory:** Azar and Bar-Eli (2011) “Do soccer players play the mixed-strategy Nash equilibrium?”
- **Game theory:** Weber (2001) “Behavior and Learning in the “Dirty Faces” Game experiment”
- **Social preferences:** Andreoni (1988) “Why free ride? Strategies and learning in public goods experiments”
- **Social preferences:** Falk and Szech (2013) “Morals and Markets”
- **Social preferences:** Gneezy and Rustichini (2000) “A Fine Is a Price”
- **Social preferences:** Abbink et al. (2002) “An Experimental Bribery Game”

References

- Klaus Abbink, Bernd Irlenbusch, and Elke Renner. An experimental bribery game. *Journal of Law, Economics, and Organization*, 18(2):428–454, 2002.
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- Dan Ariely and Klaus Wertenbroch. Procrastination, deadlines, and performance: Self-control by precommitment. *Psychological Science*, 13(3):219–224, 2002.
- Ofer H Azar and Michael Bar-Eli. Do soccer players play the mixed-strategy nash equilibrium? *Games and Economic Behavior*, 72(1):30–45, 2011.
- Shlomo Benartzi and Richard H Thaler. Naive diversification strategies in defined contribution saving plans. *The American Economic Review*, 91(1):79–98, 2001.
- Meghan R Busse, Devin G Pope, and JC Pope. The psychological effect of weather on car purchases. *The Quarterly Journal of Economics*, 130(1):371–414, 2015.
- Michael Callen, Mohammad Isaqzadeh, and James D Long. Violence and risk preference: Experimental evidence from afghanistan. *The American Economic Review*, 104(1):123–148, 2014.
- Andrew Caplin, Mark Dean, and John Leahy. Search and satisficing. *The American Economic Review*, 101(7):2899–2922, 2011.
- Rachel Croson and James A Sundali. The gambler’s fallacy and the hot hand: Empirical data from casinos. *Journal of Risk and Uncertainty*, 30(3):195–209, 2005.
- Stefano DellaVigna and Ulrike Malmendier. Paying not to go to the gym. *The American Economic Review*, 96(3):694–719, 2006.

- Armin Falk and Nora Szech. Morals and markets. *Science*, 340(6133):707–711, 2013.
- Henry S Farber. Is tomorrow another day? the labor supply of new york city cabdrivers. *Journal of Political Economy*, 113(1):46–82, 2005.
- Robert Gertner. Game shows and economic behavior: Risk-taking on card sharks. *The Quarterly Journal of Economics*, 108(2):507–521, 1993.
- Uri Gneezy and Aldo Rustichini. A fine is a price. *The Journal of Legal Studies*, 29(1):1–17, 2000.
- Dhananjay K Gode and Shyam Sunder. Allocative efficiency of markets with zero-intelligence traders: Market as a partial substitute for individual rationality. *The Journal of Political Economy*, 101(1):119–137, 1993.
- William T Harbaugh, Kate Krause, and Lise Vesterlund. The fourfold pattern of risk attitudes in choice and pricing tasks. *The American Economic Review*, 100(5):2340–2364, 2010.
- Devin G Pope and Maurice E Schweitzer. Is tiger woods loss averse? persistent bias in the face of experience, competition, and high stakes. *Management Science*, 57(8):1401–1416, 2011.
- Roberto A Weber. Behavior and learning in the ‘dirty faces’ game experiment. *Experimental Economics*, 4(3):229–250, 2001.