ECON 3416 BEHAVIORAL ECONOMICS

Syllabus (Revised October 4, 2022)

Department of Economics
Northeastern University
Fall 2022

Professor: Silvia Prina
    Email: s.prina@northeastern.edu
    Office hours
        In person:
        Fridays, 12:00pm – 1:00pm, Lake Hall 317
        In Zoom:
        Wednesdays, 9:00am – 10:00am
        https://northeastern.zoom.us/j/95658627013?pwd=ejBXUVpFVHB4TmJPVTlVMzJadWRQdz09
        Meeting ID: 956 5862 7013
        Passcode: PrinaOH

Teaching Assistant: Zach Finn
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    Office hours:
        In person:
        Thursdays, 12:00pm – 1:00pm, 308 Holmes Hall
        In Zoom:
        Mondays, 2:00pm – 3:00pm
        https://northeastern.zoom.us/j/98527221990?pwd=RWhnQkR4d0VHY0pYWTNGZGNSSnJaUT09
        Meeting ID: 985 2722 1990
        Passcode: FinnOH

Lecture sessions
        Behavioral Economics 14893 - ECON 3416 – 01)
        Times: Tuesdays and Fridays, 9:50 AM – 11:30 AM
        Location: Snell Library 039
        Course Webpage: https://northeastern.instructure.com/courses/117254

In the event in which the class were to meet remotely in Zoom, I will be emailing you the meeting ID and passcode. In that case, please remember to join the Zoom meeting **through Canvas**.

Course Overview. Behavioral Economics (aka 'Psychology and Economics') is a growing sub-field of economics that incorporates insights from psychology and other social sciences into economics. The broad goal of these efforts is to make economic models more realistic and to strengthen their predictive power by incorporating previously neglected features such as self-control issues, concerns for others, or aversion to losses.
This course covers recent advances in behavioral economics by reviewing some of the assumptions made in mainstream economic models, and by discussing how human behavior systematically departs from these assumptions. Although we will question several assumptions of standard microeconomic models, we will not cast away the fundamental tools and techniques of mainstream economics. We will continue to rely on individual-based, utility-driven models, mathematical formalization of assumptions, and theories that can be tested with data. Our goal is to understand how predictions of behavior—and

implications for markets—are altered when certain common assumptions are reconsidered.

We draw on empirical evidence from psychology and related fields that shed light on preferences, cognition, and behavior. Topics include deviations from the standard model in terms of (i) preferences (present bias, reference dependence, and social preferences), (ii) beliefs (projection bias), and (iii) decision-making (cognition, attention, and framing), as well as (iv) market and policy reactions to such deviations. Applications will cover a wide range of fields, including labor and public economics, industrial organization, health economics, finance, and development economics.

Prerequisites. As the class is considering deviations from mainstream models of economics, a solid grasp of these models is essential for mastering the material. Therefore, **ECON1116 or an equivalent introductory microeconomics course** is a prerequisite for this class. In addition, **Statistics (ECON2350, or PSYC2320, or MGSC2301, or equivalent)** is also required.

Course Goals. These are the expected student learning outcomes:
1. Articulate the predictions of standard economic models of rational behavior and explain how some commonly observed behaviors violate them.
2. Write down and solve alternate models that explain phenomena such as procrastination and self-control problems, sharing and cooperation norms, reference-dependent preferences, and biased predictions about one's own future preferences.
3. Apply the concept of libertarian paternalism to identify and develop policies that lead individuals to make better choices according to their own preferences and goals.
4. Describe the common tools and tasks used by experimental economists, such as the dictator game, the ultimatum game, the beauty contest game, and methods for measuring risk preferences.

Class attendance. Most of the course materials will be based on empirical and theoretical papers from leading academic journals. While the lecture notes are fairly comprehensive, the course material will be difficult to master without attending lectures.

Required Tool: Top Hat. We will be using Top Hat (www.tophat.com) for our lectures, polls, questions, tests and more. You will be able to submit answers to in-class questions using Apple or Android smartphones and tablets, laptops, or through text message.
- To register: many of you registered via the email invitation that was sent out. If you have not received this email, you can register by simply visiting our course website:
    - https://app.tophat.com/e/494760 (Note: our Course Join Code is 494760).
  Here is a link to a video showing on how to register for a Top Hat account:
  https://success.tophat.com/s/article/Student-Getting-Started-with-Top-Hat
  as well as providing a brief overview to get you up and running on the system.
- Support: should you require assistance with Top Hat at any time please contact their Support Team directly by way of email (support@tophat.com), the in-app support button, or by calling 1-888-663-5491.

Textbook. Thinking Fast and Slow, Daniel Kahneman. The e-book is available online (e.g., Amazon Kindle for free if Amazon Prime subscription, paperback for $11.29 or less).

Required readings. Required readings are posted on Canvas. The course outline specifies the set of readings for each module. These readings will feature in lectures, quizzes, exams, and problem sets. You are responsible for preparing the readings prior to class, which means reading the abstract, introduction and conclusion (not necessarily the body of the paper), and additional sections of the paper as specified in the course outline.

The research articles will introduce you to the current research frontier in behavioral economics. Some of these papers may be more challenging than typical undergraduate reading assignments. You should try to understand the core elements of each paper, and ask questions about any parts that confuse you. I expect you to come to class having read the required reading(s) for that day.

Lecture slides. I will post the lecture slides on Canvas.

Grading. The class is not graded on a curve. It is possible that everyone will do very well, which will make me very happy. However, if you do not put effort into this class, you will likely not do well, i.e. you may receive a C or worse. Your grade in this course will be composed of three components:

- **Lectures' involvement and quizzes (10%).** During the lectures I will be using Top Hat to ask you questions. Why? For several reasons! To keep you involved, to get your opinion through polls, and to check your understanding about topics covered in the lectures, readings and material.
- **Problem Sets (40%).** You will also be required to complete 6 problem sets, which are posted in Canvas. **Problem sets must be submitted online via Canvas by the due date**. Problem sets will include mathematical problems based on the models that we discuss during lecture, as well as written (essay-style) questions on the lecture, readings, and class discussions. Like in most economic courses, problem sets are crucial to understanding the material in the course and preparing yourself for the exams.
  Since some problem sets are longer than others, their total point values vary. The 6 homework assignments will be weighted by points (rather than equally weighted) in your final grade. Late problem sets will be penalized for each day of lateness.
  I encourage you to work in groups to tackle difficult problems, but you need to write up your own answers using your own words. If I suspect that anyone's answers have been copied from another student's answers, or elsewhere, I will report it to the Office of Student Conduct & Conflict Resolution (OSCCR) for investigation.
- **Exams (50%).** You are required to take up to three exams. I will count your two best exam scores; your lowest exam score will not enter into your final average. This means that you do not have to take the third exam if you are happy with your first two scores. Given this policy, **no make-up exams will be given.**
  A detailed schedule of course topics and reading assignments is included at the end of the syllabus. Exam dates are:
  - **Exam 1: October 4**
  - **Exam 2: November 4**
  - **Exam 3: December 13, 8:00AM-10:00AM (Location: TBA by the University Registrar)**

No extra credit will be made available. I encourage you to keep track of the grades you receive throughout the semester. You are welcome to attend office hours to ask about your grade. I cannot respond to email requests for grade information.

It is your responsibility to keep track of your graded assignments. You should keep all graded assignments for the duration of the semester. If, at any point in the semester, you come to believe that we have recorded any grade incorrectly, your graded assignment serves as your receipt. In other words, we can only change your recorded grade if you are able to produce the graded assignment.

Expectations for Students. You must attend class. Each course activity builds on previous lectures and assignments; if you miss the lectures, you will likely fall further and further behind over the course of the semester.

You must do the required readings prior to the start of each week. Course material builds on the assigned readings. You are also expected to complete and submit problem sets and quizzes by their due date via Canvas.

Your contributions to in-class discussions and your performance on problem sets, quizzes, and tests allow the instructors to assess your level of engagement, effort, and understanding of material and concepts throughout the course. I look to students to come to class prepared to discuss the assigned readings, provide opinions, answer questions, and of course, ask questions. A lively and engaged classroom is not only more enjoyable for all of us, but is proven to increase learning. You will have opportunities to receive feedback, help, or clarification on course material from the instructors. If you encounter challenges at any point, please contact me during office hours to discuss your concerns and I will attempt to provide assistance so you can be successful in this course.

Communication. Communication between students and instructors should occur during office hours. I strongly encourage you to ask questions about the course material. Please plan to visit me or the TA (or both) during office hours in person or in Zoom to introduce yourself or discuss any topic related to the course material or economics more broadly. Our conversations during office hours will allow us to get to know each other better and to foster a more engaged and interactive intellectual environment. If you cannot attend the instructors' drop-in office hours because of a course conflict, you should email us to set up an appointment. Please use "ECON3416 meeting request" as the subject line of your email, and please indicate the course that conflicts with my office hours (or those of the TA), including the exact course times. You should also include a brief (one or two sentence) description of the reason for the meeting. Please use professional etiquette and the standard email conventions listed here: https://www.insidehighered.com/views/2015/04/16/advice-students-so-they-dont-sound-silly-emails-essay

Academic Integrity. You must strictly adhere to the highest standards of academic integrity. Violations of academic honesty will be dealt with as described under university regulations. Any violations of the Academic Integrity Policy will be reported to the Office of Student Conduct & Conflict Resolution (OSCCR). The academic integrity policies and procedures that govern all undergraduates at Northeastern University may be found at: http://www.northeastern.edu/osccr/academic-integrity-policy/

The University does not tolerate cheating, plagiarism, and other forms of academic dishonesty. This includes but is not limited to consulting with another person during an exam and submitting assignments prepared by someone other than you. Ignorance will not be permitted as an excuse. If you are not sure whether something you plan to submit would be considered either cheating or plagiarism, it is your responsibility to ask for clarification.

Please be particularly aware of the policy regarding plagiarism. As you probably know, plagiarism involves representing anyone else's words or ideas as your own. It doesn't matter where you got these ideas—from a book, on the web, from a fellow-student, from your mother. It doesn't matter whether you quote the source directly or paraphrase it; if you are not the originator of the words or ideas, you must state clearly and specifically where they came from. If you are not sure whether something you plan to submit would be considered either cheating or plagiarism, it is your responsibility to ask for clarification. You can also consult the guide "Avoiding Plagiarism" on the NU Library Website at http://www.lib.neu.edu/online_research/help/avoiding_plagiarism/.

Students with Disabilities. Northeastern University and the Disability Resource Center (DRC) are committed to providing disability services that enable students who qualify under Section 504 of the Rehabilitation Act and the Americans with Disabilities Act Amendments Act (ADAAA) to participate

fully in the activities of the university. To receive accommodations through the DRC, students must provide appropriate documentation that demonstrates a current substantially limiting disability. The DRC office then prepares a Professor Notification Letter (PNL) for course instructors regarding needed accommodations. Students are responsible for presenting this letter to their instructors by the end of the drop/add period.

If you have already received a PNL from DRC, please present a (printed, not emailed) copy to the Professor on or before September 16. We will work with you to arrange suitable accommodation. If you do not yet have a PNL, please consult with DRC as soon as possible (contact staff at 617.373.2675 or via email at DRCDocumentation@northeastern.edu. Additional information is available on the DRC website at: http://www.northeastern.edu/drc/).

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Check. Great, you are still reading! To confirm that you indeed read the syllabus, please email a picture of a blue-footed booby to Professor Prina (s.prina@northeastern.edu) with the subject line "ECON3416 blue-footed booby confirmation."