



Department of Economics Course Outline

		Term:	Spring 2007
Course:	Economics 481 [Behavioral Economics]	Section:	20
Time:	MW 09:00-11:50	Place:	ST 059
Instructor:	Dr. R. J. Oxoby		
Office:	SS 444	Telephone:	220-2586
Office Hours:	TBA and by appointment	E-Mail:	oxoby@ucalgary.ca

~~Book(s)~~ **Book Reserve and Additional Readings:**

- Joseph Henrich, Robert Boyd, Samuel Bowles, Colin Camerer, Ernst Fehr and Herbert Gintis, *Foundations of Human Sociality*, Oxford
- Lowenstein et al, *Time and Decision*, Russell Sage
- Elster, *Addiction*, Russell Sage
- Gigerenzer et al, *Simple Heuristics that Make Us Smart*, Oxford
- Kahneman et al, *Well-Being: The Foundations of Hedonic Psychology*, Russell Sage
- Granovetter, *The Sociology of Everyday Life*, Westview
- Camerer, *Behavioral Game Theory*, Princeton University Press
- Herbert Gintis, Samuel Bowles, Robert T. Boyd, Ernst Fehr, *Moral Sentiments and Material Interests: The Foundations of Cooperation in Economic Life*, MIT Press
- Thaler, *Quasi-Rational Economics*, Russell Sage
- Thaler, *Advances in Behavior Finance*, Russell Sage
- Aronson, *The Social Animal*, Freeman
- Hogarth, *Insights in Decision Making*, Chicago
- Baron, *Thinking and Deciding*, 3rd edition, Cambridge
- Hardin, *Trust and Trustworthiness*, Russell Sage

- Kahneman and Tversky, *Choices Values and Frames*, Cambridge

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 neo-classical economics. (It will *not* be concerned to any significant extent with topics covered in management courses on consumer economics, such as the selection of a particular brand of product, the effects of advertising, etc. Nor will it venture into the literature on behavioural theories of the firm.)

Among the general topics to be covered are the following:

- (1) The general subject area of behavioural economics;
- (2) Research methods in behavioural economics, including controlled experiments;
- (3) 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;
- (4) The role of preference (taste) changes in economics: various views of economic motivation, the role of preference differences in explaining economic behaviour;
- (5) 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. In addition to the text, there are additional readings (available through the reserve desk or JSTOR).

Grade Determination and Final Examination Details:

Final grades will be based on assignments (30%) a final (40%, scheduled by the registrar's office and held in a classroom), and a term paper (30%). There will be no make-up or deferred exams and late work will not be accepted.

The term paper will comprise 30% 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 March 1st. 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 4pm June 19.

Approximately five problem sets will be handed out throughout the term, involving the analysis of problems using the methods developed in class. These assignments are not graded and need not be turned in. Rather, they are practice problems based on the various topics we will analyze in the 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	95 - 100	B-	75 - 79	D+	50 - 54
A-	90 - 94	C+	70 - 74	D	45 - 49
B+	85 - 89	C	65 - 69	F	0 ? 44
B	80 - 84	C-	55 - 59		

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 Academic Commissioner (Social Sciences)

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Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor within one week 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.
- 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. In the Department of Economics, we recommend that all students enrolled in the Spring/Summer session, should discuss their needs with the instructor of the course no later than seven (7) days after the start of this course.

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RJO:pst
2007-04-03