

Economics 481 (L01) (Behavioral Economics)

Instructor: Alexander Jakobsen
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Lecture Location: EDC 280
Lecture Days/Time: TR 17:00 – 18:15

Office: ZOOM Delivery
Office Hours: TR 11:00 – 12:00
<https://ucalgary.zoom.us/my/ajakobsen>

Winter 2022

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 brand 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.

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 (4)	1x5% + 3x10% = 35%
FINAL EXAMINATION	35%
TERM PAPER	30%
	<hr/>
	100%

The schedule for assessments is as follows:

Assignment 1	Due Jan. 20
Assignment 2	Due Feb. 1
Assignment 3	Due Mar. 1
Assignment 4	Due Mar. 29
Term Paper	Due Apr. 7
Final Exam	Registrar Scheduled

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

A passing grade on at least 50% of the course work (according to the weights above) is required to pass the course.

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](https://www.ucalgary.ca/pubs/calendar/current/e-2.html).

Course material dealing with a particular assignment will typically be covered in class at least 7 days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire 7 days prior to the due date) would possibly warrant shifting the assignment weight to the final exam. Furthermore, technical problems can be expected to occur with computer systems (and internet availability) so it may be a good idea to not wait until the last minute to submit your assignment.

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.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

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:

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>

Academic Misconduct:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.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

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

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 <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

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
E-mail: econrep@fasaucalgary.ca
Website: 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 Tower.

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:

10. 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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2021-12-06