

Rutgers University - New Brunswick

01:220:480 BEHAVIORAL AND EXPERIMENTAL ECONOMICS
SPRING 2023

Instructor: Tomas Sjöström, tsjostrom@economics.rutgers.edu

Time and Location: Mon/Thu 8:30 - 9:50 in Murray Hall 211

Office Hours: Mon/Thu 12:15 - 1 in New Jersey Hall 301C (or by appointment)

T.A.: TBA **Office Hour:** TBA

Textbook: *A Course in Behavioral Economics* by Erik Angner, Palgrave Macmillan, 3 edition (2021)

Prerequisites: 220:320 and 220:322 and 640:136 (or 152 or 192)

Final Exam: Time & Place TBA

Grading: There will be 8 homework assignments, three midterm exams (in our classroom during the lectures indicated in the Course Outline) and a final exam. They will count toward the grade as follows.

Assignments	30%
Midterms	40%
Final	30%

The final is comprehensive: it covers all the material listed in the Course Outline. Thus, you must study the textbook from beginning to end. All exams will be closed-book: you may not consult the textbooks, your notes, or any other material during the exam. You may not use the Internet or communicate with anybody during the exams: the exams must be solved individually. You cannot be logged on to the Canvas site during an exam. Please bring a calculator to the exam. It is OK to miss an exam for a legitimate reason (for example illness, family emergency) *but you must notify me no later than the day of the exam*. If you miss a midterm *for legitimate reasons* the weight will be transferred to the other midterms and the final (but if there is no legitimate reason, you will simply get 0 points). There will be *no* make-up midterms. There are no opportunities to earn “extra credit”, e.g., by doing additional assignments.

Each homework must be uploaded on our Canvas site by the due date. After the due date has passed the solutions will be posted. At that time, if you did not submit the homework assignment, you will be assigned 0 points, unless you have notified me by Email *before* the solutions were posted and there is a legitimate excuse. If you cannot submit a homework for a legitimate reason such as illness, and you notify me via Email, then the weight will be transferred to the other homework. If you submit homework after the due date but before the solutions are posted, you can get partial credit. If you miss an *assignment* or an *exam*, you *must* send me an Email explaining the reason for your absence no later than the day of the assignment/exam.

If you have questions about how the homework or midterm was graded, please ask the TA first - if you are not happy with the answer, please talk to me. The Canvas site contains documents for the class, including powerpoint slides for the lectures, and last year’s exams. Important announcements will be posted there occasionally. Each student is responsible for reading the announcements, and for knowing everything written on this syllabus

Learning Outcomes: Students who complete Econ 480 will understand the difference between normative and descriptive (positive) theories of economic behavior. They will understand the classical normative theory of decision making under certainty, under uncertainty, and intertemporally (utility theory, expected utility theory, discounted utility). They will understand how real-world decision making often deviates from the normative ideal, and how economists have tried to incorporate these insights into formal models of decision making under certainty, under uncertainty, and intertemporally (e.g., hyperbolic discounting and prospect theory). They will understand “anomalies” such as status quo bias, endowment effects, distorted probability judgements etc., as well as anomalies in strategic situations such as the ultimatum game.

Academic Integrity Policy: The usual rules about integrity and conduct apply to our class. Violations include: cheating, fabrication, plagiarism, denying others access to information or material, and facilitating violations of academic integrity. You are strongly advised to familiarize yourself with this website: <https://nbprovost.rutgers.edu/academic-integrity-students>

Student-Wellness Services: Just In Case Web App for a mental health crisis: <http://codu.co/cee05e>. Counseling, ADAP & Psychiatric Services (CAPS), for non-emergency psychological health issues: (848) 932-7884 / 17 Senior Street, New Brunswick, NJ 08901 www.rhscaps.rutgers.edu/. Violence Prevention & Victim Assistance (VPVA) (848) 932-1181 / 3 Bartlett Street, New Brunswick, NJ 08901 www.vpva.rutgers.edu/. Disability Services (848) 445-6800 / Lucy Stone Hall, Suite A145, Livingston Campus, 54 Joyce Kilmer Avenue, Piscataway, NJ 08854 / <https://ods.rutgers.edu/>. Scarlet Listeners, for confidential peer counseling and referral hotline: <http://www.scarletlisteners.com/> or call (732) 247-5555.

Course Outline

Part I: Choice under Certainty

- Jan 19 Introduction (A 1)¹
- Jan 23 Rational Choice Under Certainty (A 2)
- Jan 26 Descriptive Theory I (A 3)
- Jan 30 Descriptive Theory II (A 3)
- Feb 2 Descriptive Theory III (A 3)

Part II: Judgment under Risk and Uncertainty

- Feb 6 Normative Probability Theory I (A 4) *Hand in homework 1*
- Feb 9 Normative Probability Theory II (A 4)
- Feb 13 Descriptive Theory I (A 5)
- Feb 16 Descriptive Theory II (A 5) *Hand in homework 2*

Part III: Choice under Risk and Uncertainty

- Feb 20 Normative Criteria for Risk and Uncertainty I (A 6)
- Feb 23 *Midterm 1: A 1-4*
- Feb 27 Normative Criteria for Risk and Uncertainty II (A 6)
- Mar 2 Descriptive Theory I (A 7) *Hand in homework 3*
- Mar 6 Descriptive Theory II (A 7)
- Mar 9 Descriptive Theory III (A 7) *Hand in homework 4*

Mar 13-16 SPRING BREAK

Part IV: Intertemporal Choice

- Mar 20 Normative: Discounted Utility Theory (A 8)
- Mar 23 Descriptive Theory I (A 9) *Hand in homework 5*
- Mar 27 Descriptive Theory II (A 9)
- Mar 30 *Midterm 2: A 5-7*
- Apr 3 Descriptive Theory III (A 9)

Part V: Strategic Interaction

- Apr 6 Normative Game Theory I (A 10) *Hand in homework 6*
- Apr 10 Normative Game Theory II (A 10)
- Apr 13 Normative Game Theory III (A 10)
- Apr 17 Behavioral Game Theory I (A 11) *Hand in homework 7*
- Apr 20 Behavioral Game Theory II (A 11)
- Apr 24 *Midterm 3: A 8-10*
- Apr 27 Behavioral Game Theory III (A 11)

Part VI: Conclusion

- May 1 Welfare Economics & Economic Policy (A 12-13) *Hand in homework 8*

¹A=Angner. Numbers = chapters.