

**EC 399**  
**Behavioral Economics and Its Applications**  
SPRING 2017  
Department of Economics, University of Oregon

**Instructor:** Professor Jiabin Wu (phone: 541-346-5778, email: jwu5@uoregon.edu)

**Course Website:** Canvas!

## Overview

Behavioral economics incorporates psychologists' perspectives on how people behave into formal economic analysis. Traditionally, economic theories assumes that people are good at making choices that achieve their aims. However, experimental evidences increasingly support the idea that people often deviate from rational behavior in systematic ways. This course focuses on what these deviations are and what kind of new insights they bring to economic applications.

## Assignments and Grading

**Problem sets:** There will be weekly homework. Problem sets will be posted on Thursday night and due in class every Thursday. I strongly encourage you to work in groups, but you must write the homework in your own language.

**Exams:** There is a midterm (tba) and a final exam (tba).

**Grades:** Homework counts for 30%, the midterm counts for 30%, the final counts for 40%.

**Grading Policies:** For the tests and exams you will need a basic calculator, i.e. one that does basic algebraic operations. These should be readily available for less than \$5. Calculators will also be needed for some homework problems. You are not permitted to use a calculator that stores text. **NO SMART/CELL PHONES ALLOWED.** As a precaution against academic dishonesty, if you are caught using a cell phone or any other non-approved electronic device in class, you will receive an automatic zero for the exam.

No makeup exams will be given. In the case of a missed midterm due to unanticipated emergency situations, the student will be allowed to put the weight of the missed exam on the final exam, provided I am notified as soon as possible (concrete proof is needed). A missed final due to an unanticipated emergency will be handled with an "incomplete" for the course, assuming that I agree the situation represents an unanticipated emergency. Be aware that that the Registrar will automatically convert a grade of "incomplete" to an F after one calendar year. Do not take this class if you already know you cannot make one of the scheduled exams.

Grading will be consistent with the typical distribution for economics classes.

**Academic Dishonesty Policy:** Academic dishonesty (from plagiarizing work to cheating on exams) will not be tolerated. Please acquaint yourself with the Student Conduct Code, which is published in the Schedule of Classes each term.

**Students with Disabilities:** If you have a documented disability and anticipate needing accommodations in this course, please make arrangements with me during the first week of the term. Please request that the counselor for students with disabilities (164 Oregon Hall) sends me a letter verifying your disability.

## Required Texts

The required textbook is available at the campus book store:

- Eric Angner, *A Course in Behavioral Economics*, Palgrave Macmillan.

## Schedule

See below for the topics covered and associated required readings.

### **1 Choice under certainty (Week 1,2, Angner Chapter 2,3)**

Preferences and choices

Opportunity costs and sunk costs

Loss aversion and the endowment effect

The decoy effect and unstable preferences

### **2 Judgement under uncertainty (Week 3,4, Angner Chapter 4,5)**

Probability and Bayesian updating

Heuristics and Biases

### **3 Choice under uncertainty (Week 5,6, Angner Chapter 6,7)**

Expected utility and risk aversion

Prospect theory function

Probability weighting and Ambiguity Aversion

### **4 Choice over time (Week 7,8, Angner Chapter 8,9)**

Exponential discounting

Hyperbolic discounting

### **5 Strategic Interactions (Week 9,10, Angner Chapter 10, 11)**

Normal form games and extensive form games

Distributional social preferences

Psychological game theory

Limited strategic reasoning

## **Syllabus Statement Regarding Sexual Violence**

### **(Senate Task Force to Address Sexual Violence and Survivor Support)**

The UO is committed to providing an environment free of all forms of discrimination and sexual harassment, including sexual assault, domestic and dating violence and gender-based stalking. If you (or someone you know) has experienced or experiences gender-based violence (intimate partner violence, attempted or completed sexual assault, harassment, coercion, stalking, etc.), know that you are not alone. UO has staff members trained to support survivors in navigating campus life, accessing health and counseling services, providing academic and housing accommodations, helping with legal protective orders, and more.

Please be aware that all UO employees are required reporters. This means that if you tell me about a situation, I may have to report the information to my supervisor or the Office of Affirmative Action and Equal Opportunity. Although I have to report the situation, you will still have options about how your case will be handled, including whether or not you wish to pursue a formal complaint. Our goal is to make sure you are aware of the range of options available to you and have access to the resources you need.

If you wish to speak to someone confidentially, you can call 541-346-SAFE, UO's 24-hour hotline, to be connected to a confidential counselor to discuss your options. You can also visit the SAFE website at [safe.uoregon.edu](http://safe.uoregon.edu).