

ADEC781001: Empirical Behavioral Economics

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Office hours:

Wednesdays 5:30 PM or by appointment

Schedule:

Wednesdays 6:30 PM - 9:00 PM



BOSTON COLLEGE MISSION STATEMENT

Strengthened by more than a century and a half of dedication to academic excellence, Boston College commits itself to the highest standards of teaching and research in undergraduate, graduate and professional programs and to the pursuit of a just society through its own accomplishments, the work of its faculty and staff, and the achievements of its graduates. It seeks both to advance its place among the nation's finest universities and to bring to the company of its distinguished peers and to contemporary society the richness of the Catholic intellectual ideal of a mutually illuminating relationship between religious faith and free intellectual inquiry.

Boston College draws inspiration for its academic societal mission from its distinctive religious tradition. As a Catholic and Jesuit university, it is rooted in a world view that encounters God in all creation and through all human activity, especially in the search for truth in every discipline, in the desire to learn, and in the call to live justly together. In this spirit, the University regards the contribution of different religious traditions and value systems as essential to the fullness of its intellectual life and to the continuous development of its distinctive intellectual heritage.

COURSE DESCRIPTION

Behavioral economics combines insights from economics and the cognitive sciences to study how human beings make decisions in various contexts. This course will introduce you to the key concepts in this field and give you the tools you need to start designing your own experiments for business or policy applications. Beginning from the standard rational model, we first study the decision-maker in isolation and then move on to the decision-maker in strategic settings. As we go, we will learn how to use simple theoretical models to describe and predict behavior, as well as analyze data from canonical published experiments. We will then see how firms and policy makers can design interventions help people make better decisions. Students will learn how to design and implement experiments and analyze data using R.

COURSE STRUCTURE

Classes meet once a week. Each class will be broken up into two halves. The first half will be a traditional lecture. After a short break, the second half will focus on applications of the lecture, including running experiments (<http://veconlab.econ.virginia.edu/>) and analyzing experimental data.

TEXTBOOK AND KEY READINGS

[Required] Cartwright, Edward. Behavioral economics. Routledge, 2018 (Third edition). Companion site: <https://www.routledgetextbooks.com/textbooks/9780415737647/default.php>. [Note: Older editions are ok.]

[Optional; most data sets will come from here] Moffatt, Peter G. Experimetrics: Econometrics for experimental economics. Macmillan International Higher Education, 2015. Companion site: <https://www.macmillanihe.com/companion/Moffatt-Experimetrics/>

Mullainathan, Sendhil, and Richard H. Thaler. "Behavioral economics." No. w7948. National Bureau of Economic

Research, 2000.

Kahneman, Daniel. "A psychological perspective on economics." *American Economic Review* 93, no. 2 (2003): 162-168.

Chetty, Raj. "Behavioral economics and public policy: A pragmatic perspective." *American Economic Review* 105, no. 5 (2015): 1-33.

Bhargava, Saurabh, and George Loewenstein. "Behavioral economics and public policy 102: Beyond nudging." *American Economic Review* 105, no. 5 (2015): 396-401.

Kremer, Michael, Gautam Rao, and Frank Schilbach. 2018. "Behavioral Development Economics." Forthcoming in *Handbook of Behavioral Economics*, Douglas Bernheim, Stefano DellaVigna, and David Laibson (eds.).

Croson, Rachel. "The method of experimental economics." *International Negotiation* 10, no. 1 (2005): 131-148.

SOFTWARE

CANVAS

Canvas is the Learning Management System (LMS) at Boston College, designed to help faculty and students share ideas, collaborate on assignments, discuss course readings and materials, submit assignments, and much more - all online. As a Boston College student, you should familiarize yourself with this important tool. For more information and training resources for using Canvas, click here: <https://www.bc.edu/offices/cte/tools/canvas.html>. In the case of any technical difficulties or concerns, please contact canvas@bc.edu or 617-552-HELP (4357) for immediate assistance. NOTE: Canvas requires particular computer specifications¹ and wifi access. It is important that you plan accordingly, particularly for courses that have online components.

Piazza

Students often write emails with questions that would also benefit other students. Piazza ([url of course site here]) allows us to turn this private exchange public. Questions and answers you post will be visible to other students. You can choose to post anonymously to other students. Added bonus: it has a very good smartphone app. I will use Piazza to post course content and discussions.

If you have a personal question or an emergency, please email me directly at ldegeest@suffolk.edu.

R

We will use the open-source statistical software R (especially the popular data science library `tidyverse`) to analyze experimental data and write problem sets. No prior experience using R is assumed.

- Download R: <https://www.r-project.org/>
- Download R-Studio: <https://www.rstudio.com/>
- About tidyverse: <https://www.tidyverse.org>
- Programming best-practices: <http://adv-r.had.co.nz/Style.html>

COURSE OBJECTIVES

1. Students will demonstrate knowledge across cultural settings and will learn the impact of culture, gender, and age in real-world economic problems as demonstrated by income.
2. Students will demonstrate ethical knowledge pertaining to [course topic] as demonstrated by [examples].
3. Students will demonstrate proficiency in analyzing data collected from economic experiments.
4. Students will demonstrate proficiency in designing economic experiments.

GRADING

The graduate grading system for Woods College is as follows:

¹<https://community.canvaslms.com/docs/DOC-10701>

A	(4.00)
A-	(3.67)
B+	(3.33)
B	(3.00)
B-	(2.67)
C	(2.00)
F	(.00)

All students can access final grades through Agora after the grading deadline each semester. Students who complete course evaluations can access grades earlier, as they are posted.

Deadlines and Late Work

Assignments are due online Fridays at midnight. Late work is not accepted Unless there is an emergency.

COURSE ASSIGNMENTS

It is expected that you will spend 8 hours per week on out-of-class assignments and exercises. You can work in teams of two on each assignment. You will complete a final project on your own. Assignments are listed below. Please note that some weeks will require more time and some weeks less time but the average is approximately 8 hours per week over the semester.

Problem sets (4)	45%
Project (1)	45%
Participation and attendance	10%

SCHEDULE

Subject to change. **Last updated 09/18/2019.**

- **Red:** lecture day
- Crossed-out: no class
- **Green:** Problem set due

Week 1 Wed
08/28

- Introduction

Week 2 Wed
09/04

- Stats review, Introduction to R

Week 3 Wed
09/11

- Heuristics and Search

Week 4 Wed
09/18

- Reference dependence

Week 5 Wed Sun
09/25 PS 1

- Prospect Theory

Week 6 Wed
10/02

- Beliefs and Learning

Week 7 Wed Sun
10/09 PS 2

- Social preferences

Week 8 Wed
10/16

- Principle agent problems
 - Incentives: crowding-in and crowding-out

Week 9 Wed Sun
10/23 PS 3

- Cooperation and competition I
 - n-person Prisoner's Dilemmas (Public Goods game, Common Pool game)

Week 10 Wed
10/30

- Cooperation and competition II
 - Coordination games

- Diversity and team formation

Week 11 Wed
11/06

- Nudges and interventions: applying lessons from behavioral economics

Week 12 Wed Sun
11/13 PS 4

- Experiment design
 - Lab experiments, field experiments, RCTs, online experiments (Amazon Turk, A/B)

Week 13 Wed
11/20

- Experiment design (cont.)
 - Power analysis: choosing a sample size

Week 14 ~~Wed~~
~~11/27~~

- Thanksgiving

Week 15 Wed
12/04

- Work on project/experiment design

Week 16 Wed
12/11

- Project presentations
- Wrap up

WRITTEN WORK

Woods College students are expected to prepare professional, polished written work. Written materials must be typed and submitted in the format required by your instructor. Strive for a thorough yet concise style. Cite literature appropriately, using APA, MLA or CLA style per your instructor's requirements. Develop your thoughts fully, clearly, logically and specifically. Proofread all materials to ensure the use of proper grammar, punctuation and spelling. For writing support, please contact the Connors Family Learning Center.²

ATTENDANCE

Attending class is an important component of learning. Students are expected to attend all class sessions. When circumstances prevent a student from attending class, the student is responsible for contacting the instructor before the class meets. Students who miss class are still expected to complete all assignments and meet all deadlines. Many instructors grade for participation; if you miss class, you cannot make up participation points associated with that class. Makeup work may be assigned at the discretion of the instructor. If circumstances necessitate excessive absence from class, the student should consider withdrawing from the class.

Consistent with BC's commitment to creating a learning environment that is respectful of persons of differing backgrounds, we believe that every reasonable effort should be made to allow members of the university community to observe their religious holidays without jeopardizing their academic status. Students are responsible for reviewing course syllabi as soon as possible, and for communicating with the instructor promptly regarding any possible conflicts with observed religious holidays. Students are responsible for completing all class requirements for days missed due to conflicts with religious holidays.

ACCOMMODATION AND ACCESSIBILITY

Boston College is committed to providing accommodations to students, faculty, staff and visitors with disabilities. Specific documentation from the appropriate office is required for students seeking accommodation in Woods College courses. Advanced notice and formal registration with the appropriate office is required to facilitate this process. There are two separate offices at BC that coordinate services for students with disabilities:

- The Connors Family Learning Center (CFLC)³ coordinates services for students with LD and ADHD.
- The Disabilities Services Office (DSO)⁴ coordinates services for all other disabilities.

Find out more about BC's commitment to accessibility at www.bc.edu/sites/accessibility.

SCHOLARSHIP AND ACADEMIC INTEGRITY

Students in Woods College courses must produce original work and cite references appropriately. Failure to cite references is plagiarism. Academic dishonesty includes, but is not necessarily limited to, plagiarism, fabrication, facilitating academic dishonesty, cheating on exams or assignments, or submitting the same material or substantially similar material to meet the requirements of more than one course without seeking permission of all instructors concerned. Scholastic misconduct may also involve, but is not necessarily limited to, acts that violate the rights of other students, such as depriving another student of course materials or interfering with another student's work. Please see the Boston College policy on academic integrity for more information.

²<https://www.bc.edu/libraries/help/tutoring.html>

³<https://www.bc.edu/libraries/help/tutoring.html>

⁴https://www.bc.edu/offices/dos/subsidiary_offices/disabilityservices.html