

ECONOMICS 490 — Behavioral Economics
UNC at Chapel Hill, Department of Economics
Fall 2019

Instructor:

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Class Schedule:

TuTh 11:00 - 12:15
Bingham Hall, Rm 101

Office Hours:

Wed: 3–4 pm,
Fri: 10–11 am,
by Sakai appt.

Communication:

The Sakai website is our primary main of communication. All assignments, readings, grades, podcast links, other resources, etc... will be posted on Sakai.

Prerequisites:

Economics 410

Required Textbook:

“A Course in Behavioral Economics” by Erik Anger. (CBE, hereafter)

Supplementary References:

“Behave: The Biology of Humans at Our Best and Worst” by Robert M. Sapolsky.
“Behavioral Game Theory” by Colin Camerer.

Learning Objectives:

Behavioral Economics incorporates psychologically realistic assumptions into analyses of economic decision-making. In this course, we explore the consequences of incorporating behavioral economics assumptions (e.g., bounded rationality, cognitive biases, self-control failure, social preferences, etc...) to models of choice under uncertainty, inter-temporal choice, and strategic decision making.

Class Structure: First, we start with a quick review of the standard economic theory approach to a given topic. Second, we discuss data that conflicts with the predictions of the standard model. Third, we introduce alternative behavioral models. Finally, we address the limitations of the behavioral models.

Software:

Mathematica, which can be ordered free of any charges at www.software.unc.edu.
No prior knowledge of Mathematica is required for one to succeed in this course.

Evaluation: The course grade shall be based on: two midterms (40%), weekly assignments (20%) and a final examination (40%).

Exam dates: September 10th (first midterm), October 10th (second midterm), December 12th, **noon** (final examination).

Tentative Coverage:

- (1) Rational Choice Under Certainty (CBE, chapter 2)
- (2) Decision Making Under Certainty (CBE, chapter 3)
- (3) Probability Judgement (CBE, chapter 4)
- (4) Judgment under Risk and Uncertainty (CBE, chapter 5)
- (5) Rational Choice under Risk and Uncertainty (CBE, chapter 6)
- (6) Decision-Making under Risk and Uncertainty (CBE, chapter 7)
- (7) The Discounted Utility Model (CBE, chapter 8)
- (8) Intertemporal Choice (CBE, chapter 9)
- (9) Game Theory (CBE, chapter 10)
- (10) Behavioral Game Theory (CBE, chapter 11)

Policies and procedures:

- Please, use Sakai to send me messages instead of regular email.
- There are no make-up exams. The weight of any missing midterm, provided justification, will be reallocated to the final examination.
- All students are expected to follow the guidelines of the UNC honor code. In particular, students are expected to refrain from “lying, cheating, or stealing” in the academic context. If you are unsure about which actions violate the honor code, please see me or consult honor.unc.edu.
- All assignments should be submitted on Sakai (inline form or as PDF attachments).
- Be prepared to bring your laptop with Mathematica to class. You will receive notifications for those classes in which Mathematica is required.
- If you wish to take the exams with ARS, please notify me as soon as possible.
- Any final-exams rescheduling requests, for those with more than three final exams within a 24 hours period, must be received no later than September 10th.
- Exam grades are converted into scores accordingly to the formula: original exam grade plus 100 minus the maximum between the top class grade and 50. Assignments are not “curved”.
- The final course grade is computed accordingly to the table:

letter grade	minimum score
A	95
A-	90
B+	87
B	83
B-	80
C+	77
C	73
C-	70
D+	67
D	63
F	50