1 Outline

This course is held in English language and will take place on Wednesday from 12:15 to 15:45, starting at the 21st of September. Students are required to present a research paper in class and to submit their own research design proposal at the end of the semester. The course yields 4.5 ECTS. All materials will be provided in Moodle.

2 Content

This course covers topics in Behavioral Economics, which integrates insights from psychology into economics. The course will cover central themes in psychology and economics, including non-standard time and risk preferences, social preferences, fairness and social norms, reference-dependent preferences, decision biases and heuristics. Towards the end of the semester, will then look at how these behavioral models affect our understanding of market interactions and how they can inform policy makers. In addition, we will review empirical and experimental evidence and discuss study designs and experimental methods.

The main goal of the course is to introduce students to some of the key concepts of behavioral economics. This involves both formal models of behavior and their empirical and experimental assessment. The course is therefore suited both for students interested in theoretical and in empirical work. An emphasis will be put on (lab and field) experiments that test and inform behavioral models and the lectures will introduce students to some of the core principles of experimental economics. All lectures are based on articles published in international scientific journals. Students will have to present an article in class as well as develop their own research proposal.

3 Evaluation

- Presentation of a paper
- Written proposal for an experimental study design (or theoretical model)

Students have to pass all parts of the evaluation in order to pass the course. The final grade will consist of the presentation (25%) and the proposal (75%).

4 Prerequisites

- Sound knowledge in Microeconomics and basic knowledge in Statistics
- Very good English language skills
- Willingness to read scientific publications in English

5 Preliminary Program
6 Preliminary Reading List

All papers will be provided in Moodle. The reading list will be updated during the semester and it includes mandatory readings as well as additional suggestions.

6.1 General

6.2 Experiments
- General: List, Sadoff, Wagner 2011; List 2011; Gneezy, Rusticchini 2000
- Lab experiments: Smith 1976, 1982; Falk, Heckman 2009
- Field experiments: Bandiera, Barankay, Rasul 2001; Harrison, List 2004; Levitt, List 2009; List 2011

6.3 Reference-Dependent Preferences
- Prospect Theory: Kahneman, Tversky 1979
- Reference-Dependent Preferences: Kőszegi, Rabin 2006
- Evidence & Misc.: Kahneman, Knetsch, Thaler 1991; Camerer, Babcock, Loewenstein, Thaler 1997; Kahneman, Knetsch, Thaler 1990; Rabin 2000; List 2003; Fehr, Goette 2007; Farber 2008; Abeler, Falk, Goette, Huffman 2011; Pope, Schweitzer 2011

6.4 Time Preferences
- Basic Theory and Evidence: Laibson 1997; O’Donoghue, Rabin 1999; Dellavigna, Malmendier 2006
- Application to Self-Control at Work: Kaur, Kremer, Mullainathan 2015
- Commitment Devices: Ashraf, Karlan, Yin 2006; Augenblick, Niederle, Sprenger 2015

6.5 Autonomy and Procedural Preferences
- Bartling, Fehr, Herz 2014
6.6 Social Preferences


- **Fairness in Markets**: Falk, Szech 2013; Bartling, Weber, Yao 2015

- **Fairness and Redistribution**: Cappelen et al. 2007; Brock, Lange, Ozbay 2013; Cappelen et al. 2013; Almas, Cappelen, Tungodden 2020


6.7 Biases, Heuristics, Non-Standard Beliefs

- **Salience and Focusing**: Bordalo, Gennaioli, Shleifer 2012, 2014; Köszegi, Seidl 2013

- **Mental Accounting and Bracketing**: Thaler 1999; Rabin, Weiszäcker 2009

- **Biases and Heuristics**: Simon 1955; Rabin 2002; Ariely, Loewenstein, Prelec 2003

6.8 Behavioral Industrial Economics, Regulation & Nudging

- **Behavioral IO**: Heidhues, Köszegi 2010, 2016; DellaVigna, Malmendier 2004


6.9 Helpful Further Literature

There are some books that you may find useful:

**Behavioral Economics**:


**Experimental Methods**:


