

Behavioral Economics

Lecture: Tuesday, 08.00 - 10:00h, HS 1199

Course language: English (4 ECTS)

Summary: The area of *Behavioral Economics* studies the actual behavior of agents. It explicitly takes into account human emotions (e.g., perception of fairness, risk aversion) and attempt to model systematic deviations from standard economic theory with respect to human behavior. This lecture gives an introduction to *Behavioral Economics*, its main theories and implications. We will discuss models of human behavior and related studies that test these theories in an empirical way (mainly using experiments).

The course is open to Master students.

It is expected that all participants in the lecture participate actively by reading the relevant papers. In the first lecture we will assign 10 papers to students who will give a short presentation of a paper (motivation, research design, findings) of max. 15 minutes over the whole semester. All relevant materials will be uploaded on ILIAS in October.

Outline:

1. Introduction
2. Methods in Behavioral Economics
3. Rationality
4. Risk and Uncertainty
5. Time Preferences
6. Temptation and Addiction
7. Social Preferences
8. Incentives and Motivation
9. Moral and Cheating

Main References:

- Cartwright, E. (2014). *Behavioral Economics*. Routledge.
- Kahneman, D. (2012). *Thinking, Fast and Slow*. Macmillan.
- Kirchgässner, C. (2013). *Homo Oeconomicus*. Mohr Siebeck, 4. Auflage.
- Baddeley, M. (2013). *Behavioural Economics and Finance*. Routledge.