Syllabus: Behavioral Economics

Lecture: Monday 14-16 Uhr (c.t.)
Course language: English
The course is open to Master students (4 ECTS)

Summary: The assumptions relating to the Homo Oeconomicus (rational, self-interested) have dominated economic research since the neoclassical revolution. Behavioral economics shows that individuals often violate the assumptions of the traditional model. It explicitly takes into account human emotions, fairness perceptions, social identity, and other determinants of behavior and attempts to model systematic deviations from standard economic theory. We will discuss the methods used by behavioral economists, study deviations from standard economic theory and how the findings can be included in revised models of human behavior. Finally, we will discuss the implications of behavioral economics findings for policy makers.

A literature list and lecture slides will be uploaded on ILIAS. It is expected that all students participate by contributing to discussions, group work and by reading the relevant papers. During the first lectures, 10 papers will be assigned to students who are asked to give a short presentation (motivation, research design, findings) of max. 15 minutes in one of the lectures. At the end of the semester there will be an exam of 60 minutes.

Outline:

1. Introduction
2. Methods in Behavioral Economics
3. Rational Agents? Heuristics and Biases
4. Prospect Theory
5. Intertemporal Decision-Making
6. Social Preferences
7. Incentives and Motivation
8. Cheating
9. Policy Implications

Main References: