SYLLABUS – George Washington University, ECON 6295, sect. 11
Applied Behavioral Economics [DRAFT as of 8/15/18]
(a.k.a. “Economics in Theory and Practice: A Somewhat Irreverent View”)

Semester: Fall 2018
Time: Mondays, 6:10-8:40 pm
Location: 217 Phillips (801 22nd St., NW)

INSTRUCTOR
Name: Dr. Diane Lim
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Office hours: immediately after class, or by appointment

COURSE DESCRIPTION
This course will first discuss/review the fundamentals of microeconomic and macroeconomic
theory at an intermediate level and then critique where theories have failed to accurately explain
or predict real-world behavior, motivating the more recent interdisciplinary "behavioral
economics" approach. Can economists stray from the "one size fits all" approach and yet still
have enough of a theoretical foundation to be able to predict economic outcomes? Students will
compare and contrast traditional vs. behavioral economics research applied to a variety of
business and public policy issues.

COURSE PREREQUISITE(S)
Intermediate-level microeconomic theory, intro-level macroeconomics

TEXTS
Textbook (required):
- Edward Cartwright, Behavioral Economics (Routledge Advanced Texts in Economics and
- Companion website with student resources (quizzes, flashcards, review question answers)
Additional books/resources (* are required)


• *Daniel Kahneman, Thinking, Fast and Slow (2011, paperback 2013)

• *Katrine Marçal, Who Cooked Adam Smith’s Dinner? A Story of Women and Economics (2016)

• Seth Stephens-Davidowitz, Everybody Lies: Big Data, New Data, and What the Internet Can Tell Us About Who We Really Are (2017)


• Richard Thaler, Misbehaving: The Making of Behavioral Economics (2015) – retrospective on how the field has developed since the 1970s

• George Akerlof and Robert Shiller, Phishing for Phools: The Economics of Manipulation and Deception (2015) – a critical perspective on how the capitalist system can “fool” our society into outcomes detrimental to our personal and collective well-being

• Fabrizio Ghisellini and Beryl Y. Chang, Behavioral Economics: Moving Forward (2018)

Resources on public policy applications:


Students should also have a good, intermediate microeconomics book as reference:
(such as) Walter Nicholson and Christopher Snyder, Microeconomic Theory: Basic Principles and Extensions, 11th ed. (2011)

“Listening List”

• “The Hidden Brain” – NPR podcast series by Shankar Vedantam

• “Freakonomics” Radio
• “Planet Money” – another NPR podcast series w/ some behavioral econ stories

Online Resource (follow on Twitter and sign up for their free weekly email newsletter):
Behavioral Science and Policy Association

LEARNING OUTCOMES:
As a result of completing this course, students will be able to:
  1. Understand the predictive value of traditional economic theories, yet also identify where traditional theories of the rational, fully-informed economic agent fail to adequately explain the behavior of individuals and groups;
  2. Evaluate the merits of alternative private-market mechanisms and public policies, given the responses of individuals to price signals vs. other non-market “cues”/“nudges”;
  3. Seek out opportunities and design methodological strategies for research that better and further utilizes “big data” and interactive formats to understand more about what drives individual- and family-level decisions;
  4. Write and present/speak effectively on these topics, recognizing different audiences.

ANTICIPATED HOURS of WORK
Over the course of the semester, students will spend approximately 2-2.5 hours (120-150 minutes) per week in class; there are 13 class meetings. Required reading for the class meetings and written response papers or projects are expected to take up, on average, 7 hours (350 minutes) per week. Thus, over the course of the semester, students will spend around 30 hours in instructional time and 90-100 hours preparing for class.

GRADING
• Weekly written assignments to facilitate our in-class discussions (prepared responses to Cartwright and other review questions, and/or examples of applications of behavioral concepts to your research topic) that you will email to professor before class begins; these are checked mostly for completion (credit/no-credit) rather than graded: total of 20%

• Work related to the Term Paper—on a public policy or business practice application of behavioral economics—counts for total of 50%, as follows:
  o Early in semester, (abstract-length) written proposal of term paper topic: 10%
  o Later in semester, (15-min) presentation to class of your research on your paper in progress: 10%
  o Written term paper (approximately 10-15 pages double-spaced with any tables/charts, or around 2500 words) due on the last day of class: 30%

• A final assignment/analysis/take-home exam to be completed during finals week (over a 2-hour period): 20%

• Overall class participation (your attendance and contributions to classroom and online discussions): 10%
GW UNIVERSITY POLICY ON RELIGIOUS HOLIDAYS  
1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance;  
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations;  
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

For GW’s teaching policies, see [http://www.gwu.edu/~academic/Teaching/main.htm](http://www.gwu.edu/~academic/Teaching/main.htm)

ACADEMIC INTEGRITY  
I personally support the GW Code of Academic Integrity. It states: “Academic dishonesty is defined as cheating of any kind, including misrepresenting one’s own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.” Please note that allowing another student to copy your work is defined as cheating under the Academic Integrity code.

Common examples of academically dishonest behavior include, but are not limited to
1) Cheating
2) Fabrication
3) Plagiarism
4) Falsification and forgery of University academic documents
5) Facilitating academic dishonesty

Sanctions range from failure of the assignment, to failure of the course, to suspension or expulsion from the University. For the remainder of the code, see: [http://www.gwu.edu/~ntegrity/code.html](http://www.gwu.edu/~ntegrity/code.html)

SUPPORT FOR STUDENTS OUTSIDE THE CLASSROOM  
DISABILITY SUPPORT SERVICES (DSS)  
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Marvin Center, Suite 242, to establish eligibility and to coordinate reasonable accommodations. (Students must make arrangements with the DSS office well in advance of needing to use the service.)

UNIVERSITY COUNSELING CENTER (UCC) 202-994-5300  
The University Counseling Center (UCC) offers 24/7 assistance and referral to address students’ personal, social, career, and study skills problems. Services for students include:
- crisis and emergency mental health consultations
- confidential assessment, counseling services (individual and small group), and referrals
COURSE PLAN/TIMELINE and READING ASSIGNMENTS

Note: other readings will be added from week to week as we go along. The best way to keep up with reading assignments is to check Blackboard regularly.

• Chapter 1 in Cartwright
• Richard Thaler’s AER article, July 2016, “Behavioral Economics: Past, Present, and Future” (full pdf posted on Blackboard)
• Ariely book (start reading and try to finish over first few weeks of class). It is a lighter and fun read and a good sampling of how the “behavioral” field deviates from traditional economic theory.

Written Paper Proposals due September 17

September 17 and 24: Rational “Homo Economicus” vs. Real-World Homo Sapiens
• Chapter 2 in Cartwright (“simple heuristics” in decisionmaking)
• Kahneman’s distinction between “thinking fast” (“system 1”) and “thinking slow” (“system 2”) (start reading through the chapters in “Parts” 1 and 2)
• Ariely book (his examples of “irrational” yet predictable behavior), esp. chapters 1, 2, 3; 8-11.
• Check for examples posted on Blackboard
• Listen to some episodes of Hidden Brain, such as 1/1/18 on “Buying Attention”

October 1: Dealing with Risk
• Chapter 3 in Cartwright (“choice with risk”)
• Chapters from “Part 4” of Kahneman on “Choices” (pgs. 269-374)
• (optional) Imas paper on realized vs. paper losses, American Economic Review 8/2016 (pdf of full paper posted on Blackboard); WSJ story

October 8: NO CLASS (Fall Break) – catch up on book reading, start reading Marçal

October 15: Foresight and Planning Horizons
• Chapter 4 in Cartwright (“choosing when to act”)
• Chapter 7 in Ariely
• (More from) Part 4 in Kahneman
• (optional) Supplemental survey pieces posted on Blackboard (all co-authored by Oleg Urminsky of U. Chicago Booth School)

October 22: Processing Information (under Uncertainty)
• Chapter 5 in Cartwright (“learning from new information”)
• Part 4 in Kahneman, continued

October 29: Interacting with Other (Real) People
• Chapter 6 in Cartwright (“interacting with others”)
• Chapters in “Part 3” in Kahneman

November 5: Caring about Other People (Altruism, Interdependent Utility)—and the Women’s Perspective
• Chapter 7 in Cartwright (“social preferences”)
• Chapters 4-6 in Ariely
• Marçal book – discussion in “book club” style

Presentations scheduled over remainder of semester (Nov. 12 - Dec. 3 class meetings)

November 12: A Deeper Dive into the Origins of Behavior (& What Makes Us Happy?)
• Chapters 8-10 in Cartwright
• Chapters 35-38 in Kahneman (“Part 5”)  
• OECD’s “Better Life Index”
• UN World Happiness reports

November 19 and 26: Deeper Dive into Specific Business and Policy Applications
• Chapter 11 in Cartwright
• Selections from books and articles listed up top (resources on public policy applications)
• Review of Cass Sunstein’s new (2016) book (The Ethics of Influence) in the New Republic

December 3: Catch-Up/Wrap-Up/Review Class

Papers due December 10

December 10: Official Last Day of Class at off-campus location TBD (papers due, set up final exam shifts)

December 12-20: Final Exam Period (take-home exam, choice of early or late shifts)