Psychology and Economics

Spring 2018
Mondays and Wednesdays        sbowmake@stern.nyu.edu
4:55 pm - 6:10 pm        Office: KMEC 8-58
Office Hours: Mon. and Wed. 3:30 pm - 4:30 pm        Telephone: (212) 998-0478

Course Description

This course provides an overview of behavioral economics, an emerging sub-field that integrates insights from psychology into economic models of behavior. Throughout the course, we will examine the ways in which individuals make decisions that systematically depart from the so-called “standard model” of *homo economicus*, which assumes perfect rationality, perfect selfishness, and perfect willpower. We will address the implications of the major findings of behavioral economics for issues such as persuasion and motivation.

Readings

I have put together a book of readings for the course that will be distributed at the first class.

Course Assessment

Assessment is based on the following items, with weights noted:

- Midterm 30%
- Final 40%
- Group presentation 15%
- Class participation 15%

Course Website

I will maintain a website for the course using NYU Classes. The website will include announcements and downloadable files with the class lectures.

Classroom Norms

Laptops, cell phones, Smartphones and other electronic devices are a disturbance to both students and professors. All electronic devices must be turned off prior to the start of each class meeting.
Attendance

Class attendance is very important. Much of the learning that takes place in this course occurs during the lectures. For example, I will run in-class experiments for which participation in the experiment is part of the learning experience.

Class participation

I strongly encourage students to participate in class by answering questions that I pose and by posing questions of their own. In the evaluation, quality is more important than quantity. In addition, the evaluation of class participation could be affected adversely by lack of attendance or creating negative classroom externalities (see Classroom Norms above).

Ethical Guidelines

All students are expected to follow the Stern Code of Conduct: (http://www.stern.nyu.edu/uc/codeofconduct)
A student’s responsibilities include, but are not limited to, the following:

1. A duty to acknowledge the work and efforts of others when submitting work as one’s own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.

2. A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

Students with Disabilities

Students whose class performance may be affected due to a disability should notify me immediately so that arrangements can be made in consultation with the Henry and Lucy Moses Center for Students with Disabilities http://www.nyu.edu/csd/ to accommodate their needs.

What you can expect of me

I am committed to making this course intellectually rewarding, logically cohesive, idea-based (not memory-based), personally relevant, and fun. If it is not, please tell me and I will try to do better.

Course Schedule and Readings

1. Monday, January 22: Introduction to Psychology and Economics

   Sunstein, Cass and Richard Thaler (2016), ‘The Two Friends Who Changed How We Think About How We Think,’ The New Yorker, December 7
2. Wednesday, January 24: Prospect Theory (Part I)

3. Monday, January 29: Prospect Theory (Part II)

4. Wednesday, January 31: Mental Accounting

5. Monday, February 5: Heuristics and Biases (Part I)

6. Wednesday, February 7: Heuristics and Biases (Part II)

7. Monday, February 12: Heuristics and Biases (Part III)

8. Wednesday, February 14: Memory and Hindsight Bias

No class on Monday, February 19 (Presidents’ Day)


10. Monday, February 26: Social Preferences and Self-Serving Biases (Part II)
11. Wednesday, February 28: Choice, Part I

12. Monday, March 5: Midterm Review Lecture

13. Wednesday, March 7: Midterm Exam

No classes on Monday, March 12 and Wednesday, March 14 (Spring Break)

14. Monday, March 19: Class Exercise

15. Wednesday, March 21: Choice, Part II

16. Monday, March 26: Guest Speaker (Jordan Goldberg)
Jordan Goldberg is Chairman of StickK

17. Wednesday, March 28: Emotional Decision-Making

18. Monday, April 2: Persuasion

19. Wednesday, April 4: Identity

20. Monday, April 9: Behavioral Game Theory

21. Wednesday, April 11: Neuroeconomics
22. Monday, April 16: Language


23. Wednesday, April 18: Motivation


24. Monday, April 23: Poverty


25. Wednesday, April 25: Romance


26. Monday, April 30: Group Presentations

27. Wednesday, May 2: Group Presentations

28. Monday, May 7: Group Presentations

Final exam: Monday, May 14, 6:00 pm to 7:50 pm in our usual location.