

ECON 3244 Syllabus

ECON 3244 (Fall 2023): Introduction to Microeconomics

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COURSE MEETINGS	MTh 11:00 AM - 12:15 PM (DiMenna-Nyselius Library 101)
OFFICE	DSBN 307
OFFICE HOURS	TBA, or appointment by email
PREREQUISITES	

1 Course Description

1.1 Overview

This course aims to provide students with a comprehensive introduction to how and where behavioral economics is useful in modern economics discourse. In order to do so, we will first discuss what current mainstream economics is: what are its assumptions and conclusions, and where are its strengths and weaknesses? We will then turn to identifying what, exactly, behavioral economics is, and what motivates its study.

During the course of the semester, we will explore many kinds of behavioral theories, including non-standard preferences, incorrect beliefs, and systematic biases in decision making. Our primary focus will remain on phenomena that operate at the individual decision-maker level. While we acknowledge the vast array of interactions in markets or games where decision-makers interact, these will be touched upon more briefly. As we will see, this division is not always clear cut; some behavioral theories fall into both categories. The division is less for the scientific demarcation but more for pedagogical choices I make. I do not assume everyone comes in with background knowledge of advanced economics or mathematics. As such, we will discuss first those ideas that impact the behavior of an individual decision maker. Finally, we will consider some aspects of social norm and their relationships with (behavioral) economics.

Along the way, much of our discussion will leverage empirical data about how people actually behave. In turn, much of this data comes from laboratory experiments. Thus, one of our objectives is to become familiar with the main tenants of experimental economics.

1.2 Objectives

- Discuss behavioral economics in modern economics discourse
- Understand the scientific progress in the discipline and identify what role behavioral economics has played
- Learn how economists incorporate experiments in studying human behavior and gain first-hand experience in lab experiment environment
- Apply microeconomic tools to understand the behavior of individual decision-makers within an economy.
- View real-world problems through the lens of economic thinking.

1.3 Format

Class sessions will be primarily lecture-based, supplemented with student participation through discussions and lab experiments. The lectures will introduce fundamental concepts to understand the study of economics as social science and how behavioral economics complements the discipline. The lab sessions are designed to augment the student learning with hands-on experience. Students are encouraged to raise questions and apply their knowledge in practical scenarios. Instead of taking attendance, in-class quizzes will be administered at the start of each lecture to review previous material. There will be two midterm exams and one cumulative final exam.



1.4 Textbook



- There is no required textbook for this class. When needed, I will share reading material via Blackboard.
- For those who are interested, I recommend the following books for further reading:

- Is Behavioral Economics Doomed? by David Levine, freely available at <https://www.openbookpublishers.com/books/10.11647/obp.0021>
- Thinking, Fast and Slow by Daniel Kahneman

2 Course Schedule

ECON 3244 Lectures

Aa Name	 Date	 Tags
<u>ECON 3244: Lecture 1 - Introduction</u>	@September 7, 2023	
<u>ECON 3244: Lecture 2 - What is behavioral economics?</u>	@September 11, 2023	
<u>ECON 3244: Lecture 3 - Lab 1: Individual decision making experiments</u>	@September 14, 2023	
<u>ECON 3244: Lecture 4 - Rationality</u>	@September 18, 2023	
<u>ECON 3244: Lecture 5 - Utility Representation</u>	@September 21, 2023	
<u>ECON 3244: Lecture 6 - Utility Maximization</u>	@September 25, 2023	
<u>ECON 3244: Lecture 7 - Lab 2: Rational Inattention</u>	@September 28, 2023	
<u>ECON 3244: Lecture 8 - Failures of Utility Maximization</u>	@October 2, 2023	
<u>ECON 3244: Lecture 9 - Rational Inattention</u>	@October 5, 2023	
<u>ECON 3244: Lecture 10 - Expected Utility Theory</u>	@October 12, 2023	
<u>ECON 3244: Lecture 11 - Review 1</u>	@October 16, 2023	
<u>ECON 3244: Midterm</u>	@October 19, 2023	
<u>ECON 3244: Lecture 12 - Lab 3: Allais Paradox</u>	@October 23, 2023	
<u>ECON 3244: Lecture 13 - Risk Preference</u>	@October 26, 2023	
<u>ECON 3244: Lecture 14 - EU Theory vs. empirical findings</u>	@October 30, 2023	
<u>ECON 3244: Lecture 15 - Probability Judgments</u>	@November 2, 2023	
<u>ECON 3244: Lecture 16 - Allais Paradox</u>	@November 6, 2023	
<u>ECON 3244: Lecture 17 - Lab 4: Overconfidence</u>	@November 9, 2023	
<u>ECON 3244: Lecture 18 - Bayes' rule and overconfidence</u>	@November 13, 2023	
<u>ECON 3244: Lecture 19 - Statistical overconfidence</u>	@November 16, 2023	

Aa Name	 Date	 Tags
<u>ECON 3244: Lecture 20 - Economics of morality and social norms</u>	@November 20, 2023	
<u>ECON 3244: Lecture 21 - Fairness</u>	@November 27, 2023	
<u>ECON 3244: Lecture 22 - Lab 5: Lying</u>	@November 30, 2023	
<u>ECON 3244: Lecture 23 - Lying in Economics</u>	@December 4, 2023	
<u>ECON 3244: Lecture 24 - Student Presentation</u>	@December 7, 2023	
<u>ECON 3244: Lecture 25 - Review II</u>	@December 11, 2023	

3 Course Policies

3.1 Announcements

Most announcements will be made either in class, via email, or on Blackboard. I must be able to communicate with you via email, and you should make sure your email address associated with Blackboard is current. You are responsible for any announcement made in class, via email, or on Blackboard, and I will assume that any announcement made via email or on Blackboard is known to everyone within 24 hours. Your grade progress will be updated on Blackboard. Additional handouts or readings related to course material may also be posted on Blackboard.

3.2 Grading

1. Class participation
 - a. In-class review quizzes 36pts (4%)
 - b. After-lecture journal 36pts (4%)
 - c. At least one office hour visit 18pts (2%)
 - d. Lab participation (5 labs) 20 pts (2.2%)
2. Homework assignment
 - a. Self introduction 20pts (2.2%)

- b. Lab reports 150pts (16.7%)
 - c. Problem sets 150pts (16.7%)
- 3. Exams
 - a. Midterm 80pts (8.9%)
 - b. Final (cumulative) 120pts (13.3%)
- 4. Team project 270pts (30%)

Total points available: 900

3.3 Class Participation

Attendance will be taken in the form of the following participation activities.

1. A review quiz at the beginning of each lecture to remind you of vital concepts from previous lectures. These quizzes will mainly consist of short-answer questions.
2. After each lecture, I ask you to submit a question—just one per lecture—via Blackboard, under the assignment category named "after-lecture reflection." These reflections are free-form; you can elaborate on your question as much as you like, or simply pose the question by itself. The objective of these questions is to help consolidate your understanding of the material. While you have up to two days to submit, I recommend doing so within 24 hours to effectively reinforce your memory. Ideally, your questions should target concepts or examples from the lecture that you found challenging or unclear. There is no right or wrong question as long as it reflects genuine curiosity.
3. I also ask you to come visit during office hour at least once, and you will get your participation credit just for that. I would like to get to know you, and I want you to know that I am available and happy to talk to you.
4. There will be five lab sessions. In these sessions, you will participate in economics experiments. I designed them to help you learn the theoretical concepts that may often be very abstract and make the learning process more tangible and enjoyable.

No points will be awarded for late submission of class participation activities. However, I will drop up to **three** lowest quiz or reflection journal grades when computing your final

score, no questions asked.

3.4 Homework

There will be three kinds of homework assignments in this course.

1. I will create a shared board on Blackboard, and I want you to introduce yourself with a picture of yourself. I want to learn more about what my students are interested in, what they expect to learn in this course, and how I can help you achieve them. Furthermore, I genuinely want to know who you are.
2. Lab reports (30 pts each, 5 of them): after each lab session, I want you to write a lab report. A successful submission should include a clear summary of how you approached the tasks presented in the experiment. What were the tasks and how/why did you make a particular choice? I will also provide the (anonymized) data from the class. You will need to present the data in graphical format, and compare your choice with the class data.
3. Problem sets (40 pts each, 4 of them): There will be five written homework assignments through the course. I will post them to Blackboard as we go through the semester. You may work in a group, but each member must submit their own version, including the names of everyone in the group.

No points will be awarded for late submission of homework assignments. However, I will drop up to **two** assignments with the lowest marks when computing your final score, no questions asked.

3.5 Exams

Exams will consist of free-response questions. You may use a scientific or graphic calculator during exams, but no other electronic devices such as phones, tablets, or laptops.

You are allowed to create a 'cheat sheet' for each exam. Submit a paragraph (maximum 200 characters) before each exam, and I will print it for you. Try your best to include what you consider the most important, or something that you find you are prone to confuse.

All exams are mandatory. There will be no make-up exams under most circumstances except the most dire. Missed midterm will receive a grade of 0 unless there's a pre-approved, official University function (e.g., athletic events) or cases of contagious diseases like COVID or Influenza with official health services documentation. In such cases, the weight of the missed exam may be added to the Final Exam. The Final Exam is mandatory for all students.

All appeals on exam grades should be submitted in writing within one week of the time the exams are returned. No consideration will be given to disputed exams without a written description of the specific appeal.

3.6 Extra Credit Opportunities

I believe that learning is most effective when the material is challenging while allowing room for trial and error. That being said, it is equally important to try your best to challenging questions during exam and learn from your mistake. Thus, I want to offer you opportunities to revise your answer from the midterm for extra credit. You can choose up to two sub-questions of free-response type questions. A successful entry should include:

1. A clear description of what the question of your choice is asking and how you approached them. You must clearly lay out your rationale behind your answer.
2. Compare your answer with the answer key (provided when grades are posted) and explain what you misunderstood.
3. Limit your response to maximum one page (letter sized, typed, 12pt, Times New Roman) per question.
4. The extra credit revision must be submitted within one week from the date when your midterm grade is posted.

3.7 Team Project

The project consists of designing an experiment to test or better understand a behavioral hypothesis. The project includes a written description of the decision making environment or game, along with a thoughtful motivation for the experiment including an explicit statement of the research question your experiment is designed to shed light on.

It will also include a written set of experimental instructions and slides to accompany them.

You will need to work in groups for the project. At the end of the course, each group will have a brief presentation of their project followed by an open discussion with everyone.

3.8 Determination of Grades

Letter Grade	Points
A	940-1000
A-	900-939
B+	870-899
B	830-869
B-	800-829
C+	770-799
C	730-769
C-	700-729
D	600-699
F	0-599

3.9 Accommodations for Disabilities

If you have a documented disability and wish to discuss academic accommodations, please contact the Office of Accessibility in the DiMenna-Nyselius Library Academic Commons. Please notify me within the first two weeks of the course if you require accommodations so that I can make proper arrangements.

3.10 Collaboration and Academic Integrity

You are encouraged to form study groups and collaborate on assignments. However, you must write up solutions of your own. You may not give or receive help from other students during exams or other in-class individual exercises. Students are expected to behave in an ethical and professional manner. Please refer to the University's academic regulations and procedures for further information.

3.11 Course Etiquette

You may use your electronic devices such as laptops and phones in class, with the underlying presumption that you will use your discretion. Please keep the devices in silent/vibrate mode and try to limit your use to course-related activities only. Any distracting usage that disrupts others will not be tolerated.

4. Additional Information

No guarantee is made that the schedule will contain updated information. It is the student's responsibility to keep up with the class schedule, current assignments in Blackboard, and announcements as they are made in class. If the website differs from what was said in class, we will go with what was said in class.

If you have any feedback about the course, I am more than happy to take it. My goal is for every one of you to learn as much as possible and to have equal access to all of our course materials, activities, and support. We may need to alter the format described above, but at each step, we will discuss how things are going and make improvements to meet your needs.