

HONR 4999 – Spring 2025: Understanding Biases – An Economist’s Read on Psychology

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Keh-Kuan Sun, PhD
Department of Economics

Course Description

This mini-seminar explores the psychological underpinnings of decision-making biases, drawing from *Thinking, Fast and Slow* by Nobel laureate Daniel Kahneman. Through this popular text, we will examine concepts like intuitive vs. deliberate thinking, heuristics, overconfidence, and the influence of past experiences on choice. The seminar aims to broaden students’ understanding of behavioral principles by providing a psychological perspective on these foundational ideas.

Additionally, students will read a curated selection of research articles on 'outcome bias'—the tendency to judge decisions based on results rather than decision quality. Presented in chronological order, these articles illustrate the progression of scientific understanding, offering a specific case study of how theories develop and evolve over time. This dual approach encourages students to engage deeply with the process of scientific discovery and to discover the behavioral nature of economics.

Course Structure

Meeting 1: Part I – Two Systems

- **Reading:** *Thinking, Fast and Slow* – Part I: Two Systems
- **Research Article:** Baron, Jonathan, and John C. Hershey. 1988. “Outcome Bias in Decision Evaluation.”
Explore the dual-systems approach to thinking (intuitive vs. analytical) and early research on outcome bias in evaluating decision-making.

Meeting 2: Part II – Heuristics and Biases

- **Reading:** *Thinking, Fast and Slow* – Part II: Heuristics and Biases
- **Research Article:** Charness, Gary, and David I. Levine. 2007. “Intention and Stochastic Outcomes: An Experimental Study.”
Discuss how heuristics influence decision-making alongside experiments addressing how intentions and uncertain outcomes impact decision evaluations.

Meeting 3: Part III – Overconfidence

- **Reading:** *Thinking, Fast and Slow* – Part III: Overconfidence
- **Research Article:** Brownback, Andy, and Michael A. Kuhn. 2019. “Understanding Outcome Bias.”
Examine overconfidence in decision-making, along with experimental findings on outcome bias and its effects.

Meeting 4: Part IV – Choices

- **Reading:** *Thinking, Fast and Slow* – Part IV: Choices
- **Research Article:** König-Kersting, Christian, Monique Pollmann, Jan Potters, and Stefan T. Trautmann. 2021. “Good Decision vs. Good Results: Outcome Bias in the Evaluation of Financial Agents.”
Analyze biases in choices, alongside outcome bias implications in evaluating financial decisions.

Meeting 5: Part V – Two Selves

- **Reading:** *Thinking, Fast and Slow* – Part V: Two Selves
- **Research Article:** Erkal, Nisvan, Lata Gangadharan, and Boon Han Koh. 2022. “By Chance or by Choice? Biased Attribution of Others’ Outcomes When Social Preferences Matter.”
Discuss the concept of the experiencing vs. remembering self, and explore outcome bias within social attribution contexts.