

# Econ 305 Syllabus

Washington University in St. Louis  
Summer 2018, Section 2

(Preliminary; subject to change)

As of April 16, 2018

Instructor: Keh-Kuan Sun

Email: sun.k {at} wustl.edu

Class schedule: MTWRF 3:00 PM - 4:45 PM from 6/11/2018 to 7/13/2018

Classroom: TBA

Office: Seigle Hall 377

Office hours: TBA and by appointment via email

## 1 Course Description

### 1.1 Overview

Behavioral economics incorporates insights from psychology into economic models of behavior. On top of the theoretical overview of the literature, the class will include hands-on experience in the MISSEL laboratory. Topics discussed include: risk and uncertainty, reference-dependent preferences, reciprocity, fairness, present bias, properties of happiness and the implication for behavior. Prerequisite: Econ 1011.

### 1.2 Objectives

- Understand behavioral economics in modern economics discourse
  - Understand what current mainstream economics is about
  - Identify what behavioral economics is and what its motivation is
- Understand how economists incorporate experiments in studying behavioral economics
- Learn first-hand experience on lab experiment environment

### 1.3 Format

Class sessions will primarily be lectures mixed with student participation via discussions. In addition, there will be lab sessions on Fridays in order to augment the student learning with hands-on experience in the MISSEL laboratory. Students are expected to participate in lab sessions and have discussions afterward.

## 1.4 Materials

There is no required textbook for the class. If you are interested in further reading, I recommend the following books but they are not required:

- *Is Behavioral Economics Doomed?: The Ordinary versus the Extraordinary*, by David K. Levine, freely available at <http://www.openbookpublishers.com/product/77/>
- *Thinking, Fast and Slow*, by Daniel Kahneman, Farrar, Straus and Giroux, 2013.

## 2 Tentative Schedule

Week of	Mon	Tue	Wed	Thur	Fri
June 11th	No class (conference)	Behavioral Economics and Rationality	Utility Maximization	Utility Representation	Lab I
June 18th	Utility maximization and behavior	Failures of utility maximization	Rational Inattention	Rational Inattention	Lab II
June 25th	Search and satisficing	Satisficing: data	Expected Utility Theory	Risk Preference	Lab III
July 2nd	EU Theory vs. empirical findings	Probability judgments	Independence Day (no class)	Bayes' rule and overconfidence	Lab IV
July 9th	Statistical overconfidence	Temptation and self-control	Self control and the Allais Paradox	Project Presentation	Final Exam

## 3 Policies

### 3.1 Announcements and course website

All 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 lecture, 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 will also be posted on Blackboard.

### 3.2 Assessment and course grade

Your overall score will be determined using the following weights:

1. Class participation
  - (a) Daily in-class review quizzes (19 total): 10%
  - (b) Lab participations (4 labs): 10%
2. Weekly Homework: 40%
3. Written Project : 30%
4. Final Exam: 10%

### 3.2.1 Class Participation

There will be two of in-class exercises. At the beginning of each lecture, there will be a review quiz to remind you important concepts and definitions from previous lectures. These will mostly be a small number of short-answer questions. There will be a lab session on Fridays except for Week 5. Students are expected to attend and participate in lab experiments and have discussions afterward based on their experience. There will be no makeup opportunities for in-class exercises, as these replace attendance/class participation grades.

### 3.2.2 Homework

There will be four written homework assignments through the course. Each is worth 10% of your grade, summing up to total 40%. I will accept late assignments until the final exam with an exponential penalty on the grade: you will be getting  $1.2^{-x} \times 100\%$  of the points you earned for being  $x$  days late. No assignment will be accepted after the final exam except for cases of illness or emergency with appropriate documentation; even in such case, the same penalty scheme applies.

### 3.2.3 Final Exam

There will be a final exam at the end of the course to help you summarize and organize the contents of the course. You are allowed to use a scientific or graphic calculator during the exam, but not your laptop/tablet/phone. You are expected to write your answers in full sentences unless specified otherwise. The final exam is mandatory. If you missed the exam you will get zero points on it. There will be no makeup exam with the exceptional cases of a documented medical excuse, or a documented previously unanticipated family emergency. The makeup exam will be conducted under the supervision of the Summer School staff. I may ask your Wash-U Advisor or the Summer School for additional verification in such cases.

### 3.2.4 Written 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. At the end of the course, each student will have a brief presentation of his or her project followed by an open discussion with everyone.

### 3.2.5 Determination of Grades

While the final letter grade may depend on the distribution of the scores, you are expected to have at least 60% of total grades in order to pass if you choose P/NP option. If you want to audit the course, you are expected to attend all lectures/lab sessions including the final exam and to submit the final project.

### 3.3 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 must also write in your assignment the name of the students you discussed each problem with, and any external sources you used in a significant manner in solving the problem. You may not give or receive help from other students during exams or in-class individual exercises.

Students are expected to understand, and adhere to, the University's academic integrity policy: [wustl.edu/policies/undergraduate-academic-integrity.html](http://wustl.edu/policies/undergraduate-academic-integrity.html). Students who violate this policy will be referred to the Academic Integrity Policy Committee. Penalties for violating the policy will be determined by the Academic Integrity Policy committee and can include failure of the assignment, failure of the course, suspension or expulsion from the University. If you have any doubts about what constitutes a violation of the Academic Integrity policy, or any other issue related to academic integrity, please ask your instructor.

## 4 Resources for Students

### 4.1 Disability Resources

If you have a disability that requires an accommodation, please speak with instructor and consult the Disability Resource Center at Cornerstone ([cornerstone.wustl.edu](http://cornerstone.wustl.edu)). Cornerstone staff will determine appropriate accommodations and will work with your instructor to make sure these are available to you.

### 4.2 Writing Assistance

For additional help on your writing, consult the expert staff of The Writing Center in Olin Library ([writingcenter.wustl.edu](http://writingcenter.wustl.edu)). It can be enormously helpful to ask someone outside a course to read your essays and to provide feedback on strength of argument, clarity, organization, etc.

### 4.3 The University's Preferred Name Policy for Students

may be found here:

[registrar.wustl.edu/student-records/ssn-name-changes/preferred-name-policy/preferred-name-policy-student/](http://registrar.wustl.edu/student-records/ssn-name-changes/preferred-name-policy/preferred-name-policy-student/).

### 4.4 Sexual Assault

The University is committed to offering reasonable academic accommodations to students who are victims of sexual assault. Students are eligible for accommodation regardless of whether they seek criminal or disciplinary action. Depending on the specific nature of the allegation, such measures

may include but are not limited to: implementation of a no-contact order, course/classroom assignment changes, and other academic support services and accommodations. If you need to request such accommodations, please direct your request to Kim Webb ([kim.webb@wustl.edu](mailto:kim.webb@wustl.edu)), Director of the Relationship and Sexual Violence Prevention Center. Ms. Webb is a confidential resource; however, requests for accommodations will be shared with the appropriate University administration and faculty. The University will maintain as confidential any accommodations or protective measures provided to an individual student so long as it does not impair the ability to provide such measures.

#### **4.4.1 Sexual Assault Reporting**

If a student comes to me to discuss or disclose an instance of sexual assault, sex discrimination, sexual harassment, dating violence, domestic violence or stalking, or if I otherwise observe or become aware of such an allegation, I will keep the information as private as I can, but as a faculty member of Washington University, I am required to immediately report it to my Department Chair or Dean or directly to Ms. Jessica Kennedy, the University's Title IX Coordinator. If you would like to speak with the Title IX Coordinator directly, Ms. Kennedy can be reached at (314) 935-3118, [jwkennedy@wustl.edu](mailto:jwkennedy@wustl.edu), or by visiting her office in the Women's Building. Additionally, you can report incidents or complaints to Tamara King, Associate Dean for Students and Director of Student Conduct, or by contacting WUPD at (314) 935-5555 or your local law enforcement agency. You can also speak confidentially and learn more about available resources at the Relationship and Sexual Violence Prevention Center by calling (314) 935-8761 or visiting the 4th floor of Seigle Hall.

#### **4.5 Bias Reporting**

The University has a process through which students, faculty, staff and community members who have experienced or witnessed incidents of bias, prejudice or discrimination against a student can report their experiences to the University's Bias Report and Support System (BRSS) team. See: [brss.wustl.edu](http://brss.wustl.edu)

#### **4.6 Mental Health**

Mental Health Services' professional staff members work with students to resolve personal and interpersonal difficulties, many of which can affect the academic experience. These include conflicts with or worry about friends or family, concerns about eating or drinking patterns, and feelings of anxiety and depression. See: [shs.wustl.edu/MentalHealth](http://shs.wustl.edu/MentalHealth)