1. General Information

Course Subject	ECON
Course Number	3234
Course Title	Behavioral Economics
Academic Years	2023-2024
Grading Method	Letter

2. Instructors

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Subclasses: 2A

4. Course Description

Course Description	This course provides students an overview of research in Behavioral Economics, which incorporates insights from psychology on human behavior, with and without social interactions, into economic analysis. The topics we will cover (tentatively) include: Decision Making under Uncertainty, Prospect Theory, Reference Dependence, Intertemporal Choice, Social Preferences, and Bounded Rationality. We will relate theories to applications including consumer choice, saving behavior, procrastination, labor supply, finance, and policy making.
Prerequisites	ECON2210: Intermediate Microeconomics
Co-requisites	University Math
Free Elective	Yes

5. Course Objectives

1. To understand how the behavior models are motivated and developed based on empirical findings against predictions from the classic models.

2. To understand some benchmark theoretical behavior models and the main message delivered by them.

3. To grasp the important modeling techniques and to feel comfortable about doing some simple mathematical proofs.

6. Faculty Learning Goals

Goal 1: Acquisition and internalization of knowledge of the programme discipline

Goal 2: Application and integration of knowledge

Goal 3: Inculcating professionalism

6. Faculty Learning Goals

Goal 4: Developing global outlook
Goal 5: Mastering communication skills
Goal 6: Cultivating leadership

7. Course Learning Outcomes

Course Teaching and Learning Activities	Aligned Faculty Learning Goals					
	1	2	3	4	5	6
CLO1. Be able to understand how some important empirical findings contradicts the predictions from standard models, and how the behavior models covered in class are motivated and developed				✔		
CLO2. Be able to reproduce proofs of some important results of the benchmark models covered in the class.	✔					
CLO3. Be able to explain intuitively the model perspectives and results					✔	
CLO4. Be able to comprehend the power and limitation of the benchmark models, or even build own toy model		✔				

8. Course Teaching and Learning Activities

Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Lecture	36	30
T&L2. Discussion in office or classroom	36	30
T&L3. Self-study	48	40
	Total: 120	Total: 100

9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Take-home Mid-term		30%	
A2. Performance in Class and assignment		20%	
A3. Final Exam		50%	

10. Course Grade Descriptors

A+,A,A-	Strong evidence of superb ability to fulfill the intended learning outcomes of the course.
B+,B,B-	Strong evidence of ability to fulfill the intended learning outcomes of the course.
C+,C,C-	Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning; such as describe and apply, but not at high levels of learning.

10. Course Grade Descriptors

D+,D	Evidence of basic familiarity with the subject* *For a "pass" mark (D+, D) students are expected to be able to understand and solve problems of a similar difficulty level as the assigned homework.
F	Little evidence of basic familiarity with the subject.

11. Course Content and Tentative Teaching Schedule

Topic/ Session	Date	Time	Content	Readings	Assignments	Other information
			Decision making under uncertainty (3 lecture)			
			Intertemporal choice (3 lecture)			
			Social Preference (2 lecture)			
			Bounded Rationality (2 lecture)			

12. Required/Recommended Readings & Online Materials

Reading	**Overall** 1. Kahneman, Daniel, 2003, "Maps of bounded rationality: Psychology for behavioral economics." The American economic review 2. Mattew Rabin, 1998, "Psychology and Economics," Journal of Economic Literature **Decision Making under Uncertainty** 1. Kahneman, Daniel, and Amos Tversky. 1980, "Prospect theory." Econometrica. 2. Kahneman, Daniel, Jack L. Knetsch, and Richard H. Thaler. 1991, "Anomalies: The endowment effect, loss aversion, and status quo bias." The journal of economic perspectives 3. De Martino, Benedetto, Dharshan Kumaran, Ben Seymour, and Raymond J. Dolan. 2006, "Frames, biases, and rational decision-making in the human brain." Science **Intertemporal choice** 1. O'Donoghue, T. and Rabin, M. (1999), Doing it Now or Later? American Economic Review 2. DellaVigna, S. and Malmendier, U. (2006), Paying not to go to the gym, American Economic. 3. Halevy, Yoram, 2015, "Time consistency: Stationarity and time invariance." Econometrica **Social Preference** 1. Kahneman, Daniel, Jack L. Knetsch, and Richard Thaler. 1986, "Fairness as a constraint on profit seeking: Entitlements in the market." The American economic review 2. Mattew Rabin, 1993, "Incorporating Fairness into Game Theory and Economics," American Economic Review. 3. Fehr, E., & Schmidt, K. M. 1999. A theory of fairness, competition, and cooperation. The quarterly journal of economics. **Bounded Rationality** 1. Simon, H. A. (1955). A behavioral model of rational choice. The quarterly journal of economics, 69(1), 99-118. 2. Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao.2013, "Poverty impedes cognitive function." Science 3.. Chetty, Raj, Adam Looney, and Kory Kroft. 2009, "Salience and taxation: Theory and evidence." The American economic review 4. Masatlioglu, Yusufcan, Daisuke Nakajima, and Erkut Y. Ozbay. 2012, "Revealed attention." American Economic Review

13. Means / Processes for Student feedback on Course

	Conducting mid-term survey in additional to SETL around the end of the semester
✔	Online response via Moodle site
	Others

14. Course Policy

The University Regulations on academic dishonesty will be strictly enforced! Please check the University Statement on plagiarism on the web: http://www.hku.hk/plagiarism/. Academic dishonesty is behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

a. Plagiarism — The representation of someone else's ideas as if they are one's own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged.

b. Unauthorized Collaboration on Out-of-Class Projects — The representation of work as solely one's own when in fact it is the result of a joint effort.

c. Cheating on In-Class Exams — The covert gathering of information from other students, the use of unauthorized notes, unauthorized aids, etc.

d. Unauthorized Advance Access to an Exam — The representation of materials prepared at leisure, as a result of unauthorized advance access (however obtained), as if it were prepared under the rigors of the exam setting. This misrepresentation is dishonest in itself even if there are not compounding factors, such as unauthorized uses of books or notes.

Where a candidate for a degree or other award uses the work of another person or persons without due acknowledgement:

1. The relevant Board of Examiners may impose a penalty in relation to the seriousness of the offence.

2. The relevant Board of Examiners may report the candidate to the Senate, where there is prima facie evidence of an intention to deceive and where sanctions beyond those in (1) might be invoked.