1. General Information

Course Subject	ECON
Course Number	3234
Course Title	Behavioural Economics
Academic Years	2025-2026
Grading Method	Letter

2. Instructors

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Subclasses: 2A

4. Course Description

Course Description	This course provides students an overview of Behavioural Economics, which incorporates insights from psychology into economic analysis, extending neoclassical economics featured in Introductory Economics and Intermediate Microeconomics. The topics we cover include: decision making under risk, decision making over time, social preferences, nonstandard beliefs, bounded rationality and rationality. Through classroom discussions and hands-on experiments, students will acquire a solid foundation of Behavioural Economic theories and their applications in contexts such as procrastination, labour supply, finance, and policy making. Students will also be encouraged to explore the concept of "rationality".
Prerequisites	ECON2210: Intermediate Microeconomics
Co-requisites	University Math
Free Elective	Yes

5. Course Objectives

1. This course introduces students to the limitations of neoclassical economic models and how the behavior models are motivated and developed based on empirical findings against predictions of the neoclassical models.

2. This course teaches students seminal behavioral economic models and how to apply them.

3. This course aims to inspire students to think about rationality and its meaning in Economics.

6. Faculty Learning Goals

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

Goal 2: Application and integration of knowledge

6. Faculty Learning Goals

Goal 3: Inculcating professionalism
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. Explain the limitation of the neoclassical economic models using empirical examples.	✔	✔		✔		
CLO2. Apply behavioral economic models to rationalize and predict decisions.	✔	✔		✔		
CLO3. Explain the psychological foundations of economic decision making	✔	✔		✔	✔	
CLO4. Articulate their own understanding of "rationality"	✔	✔	✔	✔	✔	✔

8. Course Teaching and Learning Activities

Course Teaching and Learning Activities #	Expected Study Hours	Study Load (% of study)
T&L1. Activities during lecture time: lecture, discussions, group reading, experiments	36	30
T&L2. Assignments	36	30
T&L3. Self-study	48	40
	Total: 120	Total: 100

9. Assessment Methods

Assessment Methods	Description	Weight %	Aligned Course Learning Outcomes
A1. Assignments	1. Problem set 1 (10%) 2. Problem set 2 (10%) 3. 10-minute video assignment (10%) 4. Mini-essay on the topic or "rationality" (20%)	50%	1,2,3,4
A2. Attendance		10%	1,2,3,4
A3. Final Exam		40%	1,2,3,4

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

10. Course Grade Descriptors

		levels of learning; such as describe and apply, but not at high levels of learning.
	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	Content
	Introduction
	Decision making under risk (3 lectures)
	Intertemporal choice
	Social preference (2 lectures)
	Non-standard beliefs
	Bounded rationality
	Rationality

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. For other readings, please see the lecture slides.

12. Required/Recommended Readings & Online Materials

Textbook	Dhami, S. (2016). *The foundations of behavioral economic analysis*. Oxford University Press.
	Wilkinson, N., & Klaes, M. (2017). *An introduction to behavioral economics*. Bloomsbury Publishing.

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.