



Course Syllabus
Department
ECON 345 Behavioral Economics

| Course Title | Code | Semester | T+L Hours | Credit | ECTS |
|----------------------|-------------|-----------------|------------------|---------------|-------------|
| Behavioral Economics | ECON 345 | FALL | 3 + 0 | 3 | 4 |

Prerequisite Courses: -

Type: Elective

Language: English

Instructor: Dr. Ali Yavuz Polat, aliyavuz.polat@agu.edu.tr

Office Hours: Thursdays 13.30-14.30

Teaching Assistant: Abdullah Doğan, abdullah.dogan@agu.edu.tr

Suggested Textbooks:

1) The Foundations of Behavioral Economic Analysis, Sanjit Dhami (2016), Oxford University Press.

Suggested books:

- 2) Misbehaving: The Making of Behavioral Economics, Richard Thaler (2015), W. W. Norton.
- 3) Thinking, Fast and Slow, Daniel Kahneman (2011)
- 4) Predictably Irrational, Dan Ariely
- 5) Behavioral Economics, Edward Cartwright (2018), Routledge

Aim:

This course focuses on the current methodological issues about the classical assumptions on economic agents built in neoclassical/mainstream economics.

The course starts with the main assumptions on decision-making such as rationality (rational choice), common knowledge etc. The course covers the following topics: Behavioral Decision Theory, Social Preferences, Time Preferences, Behavioral Game Theory, Bounded Rationality. Current developments in psychological and experimental studies are also discussed.

Learning Outcomes

- To understand basic assumptions of neoclassical economics
- To get familiarize with the behavioral economics

- To evaluate the methodological issues in economics

| WEEKLY TOPICS | | |
|----------------------|--|-------------------------------|
| Week | Topic | Assignments & Quiz |
| 1 | Introduction and Overview | |
| 2 | Assumption on economic agents, Classical Utility Theory | |
| 3 | Expected Utility Theory, Prospect Theory | Assignment 1 |
| 4 | Endowment Effect, Some applications | |
| 5 | Experimental Method in Economics | |
| 6 | Time-inconsistent preferences and the self-control problem | Assignment 2 |
| 7 | Break | |
| 8 | Time preferences | Quiz |
| 9 | Lecture Free Week | |
| 10 | Basic Game Theory, Behavioral Game Theory | |
| 11 | Other regarding preferences, inequity aversion | Assignment 3 |
| 12 | Trust and reciprocity | |
| 13 | Bounded Rationality, Biases and heuristics | |
| 14 | Behavioral Economics and Policy | Assignment 4 |
| 15 | Behavioral Policy / Neuroeconomics | |
| 16 | Final Exam | |

| <u>Evaluation Criteria</u> | <u>Percentage</u> |
|-----------------------------------|--------------------------|
| Quiz | 10% |
| Assignments | 40% |
| Participation & Discussion | 15% |
| Final | 35% |

Late submission for only 2 days, 10% reduction for each day.

Course Policies:

- Please, respect the allotted times provided for breaks.
- Cell phones and personal computers must be turned off and put away during class.
- Chatting with a friend is strictly forbidden since it distracts the instructor and the class as well.
- Please be ready to write assignments in class that will be graded

Attendance Policy

- Be in the class on time. (being late for class is an extreme annoyance to the entire class).
- **You should not enter the class after it starts since it distracts everybody.**
- Attendance will be reflected in your course grade.

Plagiarism and Cheating

You are responsible for knowing the University policies on cheating and plagiarism. Not giving credit to a person for their intellectual work and passing it off as your own is stealing. Specifically:

- 1) Copying or allowing someone to copy your work on an exam, homework, or in class assignment is cheating.
- 2) Cutting and pasting material from the web or any other electronic source is plagiarism.
- 3) Copying and turning in the same assignment as someone else, from this class or from another class, is cheating. Unless explicitly told otherwise, you can discuss and problem-solve on homework together but the final product has to be your own – not just your own handwriting but your own way of explaining and organizing your ideas.
- 4) Making superficial changes (minor additions, deletions, word changes, tense changes, etc) to material obtained from another person, the web, a book, magazine, song, etc. and not citing the work, is plagiarism. The idea is the intellectual property, not the specific format in which it appears (e.g., you wouldn't reword Einstein's theory of relativity and imply that relativity was your own idea, would you?)
- 5) If you find material and it is exactly what you are trying to say, or you want to discuss someone's idea, give the person credit and cite it appropriately. Don't overuse citations and quotes: instructors want to know how you think and reason, not how someone else does.