

Topics in Behavioral Economics

Course concept: This seminar is aimed at Bachelor students interested in Behavioral Economics and looking to gain experience conducting independent research. Students will search for and read articles published in academic journals. Each student will prepare five short (1 page) summaries of articles read during the semester. Each student will choose one article to present at a block seminar simulating an academic conference. All students will read all papers being presented ahead of time. Following the block seminar, each student will prepare a short (10-12 page) literature review surveying the literature they have encountered. (Note: *All* requirements and deadlines described below are absolutely mandatory. *No exceptions.*)

Registration: Before Oct 18th

- You **must** register by Wednesday, Oct 18th in order to participate.
- Send an Email with your Name, Field of Study, and Semester to: [fiwi\[at\]uni-heidelberg.de](mailto:fiwi[at]uni-heidelberg.de)

Organizational meeting: Tue, Oct 24th, 4pm

- Where: Room 02.036
- We will discuss important details regarding the assignments to be completed.
- You **must** attend the organizational meeting in order to participate in the seminar.

Assignments (All assignments must be handed in via moodle.)

- **By Oct 30:** Complete *background readings* and browse topics. Submit a ranking from favorite (1) to least favorite (6). I will assign topics using a sophisticated and fair algorithm yet to be determined.
- **By Nov 10:** Prepare a short (1 page) *summary* of the assigned papers for your topic. Turn in via moodle (pdf format).
- **By Dec 8:** Conduct *independent research* (details at the organizational meeting) and turn in:
 - A collection of at least 10 articles (moodle, pdf format, zipped)
 - A one page summary (each) of 3 articles (moodle, pdf format)
 - Choice of 1 article that you will present at the block seminar
- **By Dec 22:** Prepare your presentation *and read all articles to be presented by other students.* (We will have a short, very easy quiz!)
- **On Dec 22:** Give a *presentation* (30 minutes) at the block seminar
- **By Jan 26:** Compose a brief (10-12 page) *literature review* (details at the organizational meeting).

LITERATURE

(All of the literature is available for download through moodle. Password: BachelorSeminar17)

Background readings: (*All* students must complete these readings!)

Camerer, C. (2003). *Behavioral Game Theory*, Chapter 1 ('Introduction')

Rabin, M (2002). A Perspective on Psychology and Economics, *European Economic Review*

Kahneman, D. (2003). A Psychological Perspective on Economics, *American Economic Review (PEP)*

Topics and introductory literature

(1) Probabilistic judgements

Tversky, A. and D. Kahneman (1974). Judgment under Uncertainty: Heuristics and Biases, *Science*

Crason, R. and J. Sundali (2005). The Gambler's Fallacy and the Hot Hand: Empirical Data from Casinos. *Journal of Risk and Uncertainty*.

(2) Reference dependence and prospect theory

Tversky, A. and D. Kahnemann (1981). The Framing of Decisions and the Psychology of Choice, *Science*

Kahneman, D., J. Knetsch, and R. Thaler (1991). Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias, *Journal of Economic Perspectives*

(3) Intertemporal choice and self control

Loewenstein, G. and R. Thaler (1989). Anomalies: Intertemporal Choice, *Journal of Economic Perspectives*

Laibson, D. (1997). Golden Eggs and Hyperbolic Discounting, *Quarterly Journal of Economics*

(4) Strategic reasoning

Nagel, R. (1995). Unraveling in Guessing Games: An Experimental Study, *American Economic Review*

Levitt, S., J. List, and S. Sadoff (2011). Checkmate: Exploring Backward Induction among Chess Players. *American Economic Review*

(5) Social preferences and morality

Fehr, E. and U. Fischbacher (2002). Why social preferences matter - the impact of non-selfish motives on competition, cooperation, and incentives, *The Economic Journal*

Vanberg, V. (2008). On the economics of moral preferences, *American Journal of Economics and Sociology*

(6) Psychological Game Theory

Rabin, M. (1993). Incorporating fairness into game theory and economics, *American Economic Review*

Charness, D. and M. Dufwenberg (2006). Promises and Partnership, *Econometrica*