

Universität Kassel FB07 34109 Kassel

To all PhD-students
in the MAGKS-network

FG Finanzwissenschaft

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MAGKS-Course on Behavioral Economics – preliminary outline

22.07.2020
Seite 1 von 7

Dear PhD-students,

I am planning to give my MAGKS-course on Behavioral Economics this September. This announcement comes on short-notice because the University of Kassel currently allows face-to-face meetings. This gives me us the opportunity to meet in person – at least for the first part of the course.

The course is divided into three blocks:

- Block 1: September 4 – 5, 2020
- Block 2: September 7, 2020 (online; 12.00 a.m. – 6.00 p.m.)
- Block 3: date: t.b.d., 12–15 units of 45 minutes each (probably online)

Block 1 will take place at the University of Kassel, Campus Holländischer Platz, in a large lecture hall to allow for social distancing (10.00 a.m. – 5.45 p.m.). Block 2 is conducted online. The mode of teaching of Block 3 is to be determined.

The main aim of the course is to give you an overview on the field of Behavioral Economics covering both concepts and methods and hopefully inspiring you to make use of them in your own research.

Below, please find the preliminary outline of the course and a list of reading for block 1. The literature listed covers far more aspects of Behavioral Economics than we can even touch on. It is intended to inspire selective reading. You do not have to work through the readings.

(Ivo Bischoff)

Outline on the MAGKS–Course “Behavioral Economics”

Block 1:

- I will introduce you to the field of Behavioral Economics.

Block 2:

- Participants give a 10–minute presentation about the main theme of their dissertation (or any other research project they currently work on). In this presentation, the following questions should be addressed:
 - Which concepts and methods are potentially useful for your own research?
 - How can they be integrated?

After each presentation, there will be room for discussion – especially on these two questions.

- At the end of block 2, each one of you chooses a specific concept or method that has not been covered so far. These concepts or methods can be related to your own research but it does not have to be.

Time between block 2 and 3:

- You prepare a presentation on the concept or method chosen and a commented list of readings for the other participants of the course.
- If you have any question regarding your presentation, I will be happy to help.

Block 3:

- Students give their presentations (25 minutes per presentation).
- They should focus on the following aspects
 - key elements of the concept or method
 - How to apply the concept (possibly using an example)
- Each presentation is followed by a general discussion.
- You may also present any research idea related to Behavioral Economics.

A. Behavioral Economics – Defining a new field in economics

1. Rationality in economics and psychology
2. Rational Behavior in economics
3. How to falsify the rationality assumption
4. What adsdf sif rw t23t02 3is Behavioral Economics

B. Anomaly–Hunting in non–complex environments

1. Non–rational behavior in games against nature
2. Violations of the implicit requirements for rational behavior
3. Non–rational behavior in games
4. Discussion: so what?

C. Broadening the scope of the utility functions

1. Fairness and other–regarding preferences
2. Psychological games
3. Economics of identity – the model of Akerlof and Kranton (QJE, 2000)
4. Expressive behavior
5. Economics of Status

D. Boundedly rational behavior – a selection of models using non–complex environments

1. Types of models
2. Prospect theory (Daniel Kahneman and Amos Tversky)
3. Regret theory (Loomes and Sugden, 1982)
4. Self–control problem – the (β, δ) –problem (see O’Donoghue and Rabin, 1999)
5. Dual process theories
6. Roemers’ concept of a Kantian equilibrium

E. Human behavior in complex environments

1. Starting point: complex environment
2. Helpful concepts about cognition and decision making in complex environments
3. Rule–based behavior
4. Thinking about a complex world: mental models
5. Regularities in human reasoning/decisions about the economy
6. An economist’s perspective on these issues: some thoughts

F. (Further) Imports from psychology and their relationship to the concept of preferences

1. Personality
2. Affect and Emotions

G. Learning

1. Learning in conventional economics
2. Normative theories of learning
3. Positive theories of learning
4. Using models of learning to answer questions in economics and economic policy
5. Some remarks on the choice of an adequate learning model

H. Methods in behavioral economics

1. Experimental Economics
2. Field experiments: a brief sidestep
3. Neuroeconomics: a brief introduction
4. Vignettes and survey experiments
5. A note on qualitative methods

Literature:

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