
Theories and Social Applications of Behavioral Economics

Instructor: Julia Shu-Huah Wang / Wei James Chen

2023 Fall Wed 678

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Course Description

This course introduces the field of behavioral economics, its relevant theories, nudge tools, and its applications. Individuals frequently make decisions that systematically depart from the predictions of standard economic models based on rational behavior assumptions. Behavioral economics attempts to integrate the understanding of the psychology of human behavior into policy implementation. The course will review the major themes of behavioral economics and discuss the applications in social policies, health policies, and other public policy domains.

Course Objective

The course aims to:

1. Enable students to learn the relevant knowledge of behavioral economics.
2. Enable students interested in promoting social change to integrate knowledge of behavioral economics in the design, administration, and evaluation of public policies and interventions.

Prerequisites

Principle of Economics & Intermediate Microeconomics is recommended but not required.

Office Hours

Wed 11:00 – 12:00 (By appointment only)

Textbooks

- **Ogaki, M. & Tanaka, S.** (2017) *Behavioral Economics: Toward a New Economics by Integration with Traditional Economics*. Springer. (Available free online)
- **Congdon, W. J., Kling, J. R., & Mullainathan, S.** (2011) *Policy and choice: Public finance through the lens of behavioral economics*. Brookings Institution Press. (Available free online)
- **Thaler, R. H., & Sunstein, C. R.** (2022) *Nudge: Improving Decisions about Health, Wealth, and Happiness*. Yale University Press.

Grading Policy

- 40% Midterm
- 40% Final Project
 - Each group will select a topic of their choice, identify and describe a policy/social service problem, apply behavioral economic concepts, and propose policy solutions. Students will present their final paper in class (20%) and submit the written version (6-page; 20%) via NTU Cool. The outline of the paper is as follows.
 1. Identify and describe a policy/social service issue/problem
 2. Assess the behavioral tendencies that contribute to this issue/problem
 3. Select and apply behavioral economic concepts to propose policy solutions
 4. Discuss the caution/limitation with the application
- 20% Class Participation and Empirical Paper Presentation

Schedule

Week 1	9/6	[Julia & James] Theory: What Is Behavioral Economics? (Ogaki and Tanaka, 2017, Chapter 1)
Week 2	9/13	[James] Theory: Economic Behavior Under Uncertainty (Ogaki and Tanaka, 2017, Chapter 3)
Week 3	9/20	[James] Theory: Prospect Theory (Ogaki and Tanaka, 2017, Chapter 4)
Week 4	9/27	[James] Theory: Bounded Rationality (Ogaki and Tanaka, 2017, Chapter 5)
Week 5	10/4	[James] Theory: Intertemporal Behavior (Ogaki and Tanaka, 2017, Chapter 6)
Week 6	10/11	[Julia] Tools: Social Comparison, Savings, and Choice Architecture (Thaler and Sunstein 2008, Chapter 3 & 5; Hershfield et al. 2011; Soman and Cheema 2011)
Week 7	10/18	[James] Theory: Social Preferences (Ogaki and Tanaka, 2017, Chapter 8)
Week 8	10/25	[James] Theory: Culture and Identity (Ogaki and Tanaka, 2017, Chapter 9)
Week 9	11/1	[Julia] Tools: Commitment Devices; Process of Applying Behavioral Economics Concepts; Effectiveness (Bryan, Karlan and Nelson, 2010; Richburg-Hayes et al., 2014; Richburg-Hayes, Anzelone and Dechausay, 2017; Cadario and Chandon, 2020; Hummel and Maedche, 2019; DellaVigna and Linos, 2022; Brandon et al., 2017)
Week 10	11/8	Midterm Examination
Week 11	11/15	No Class (University Holiday)
Week 12	11/22	[Julia] Tools: Deadlines, Defaults, and Planning and Reminders (Thaler and Sunstein 2008, Chapter 2; Ariely and Wertenbroch 2002; Johnson and Goldstein 2003; Sunstein 2015; Rogers et al. 2015)
Week 13	11/29	[Julia] Tools: Incentives and Disclosure (Kamenica, 2012; Loewenstein, Sunstein and Golman, 2014)
Week 14	12/6	[Julia] Application: Tax Policies, Social Insurance Policies, and Social Assistance Policies (Congdon, Kling and Mullainathan 2011, Chapter 4, 6 & 7; Bertrand, Mullainathan and Shafir 2004; Mani et al. 2013; Shah, Mullainathan and Shafir 2012)
Week 15	12/13	[Julia] Application: Health Behaviors and Environmental Conservation; Guest Speaker: Chien-Yu Lai, Department of Economics (Bessone et al., 2021; Allcott, Gentzkow and Song, 2022; Hagmann, Ho and Loewenstein, 2019; Volpp et al., 2008; Just and Price, 2013; Lai, List and Samek, 2020)
Week 16	12/20	[Julia & James] Final Presentation

References

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