SYLLABUS

ARE 133: Introduction to Behavioral Economics
UC Davis, Department of Agricultural and Resource Economics
Spring Quarter 2022
Kristin Kiesel (she/her)

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"Human beings, viewed as behaving systems, are quite simple. The apparent complexity of our behavior over time is largely a reflection of the complexity of the environment in which we find ourselves." (Herbert A. Simon, The Science of the Artificial, 1996: p. 53)

Course overview:
This course introduces you to behavioral economics, a field of economics focused on “behavioral anomalies” or common and systematic deviations from behavior implied by rational economic models. It considers how non-economic factors such as psychological principles shape economic decisions. However, rather than replacing a traditional approach, this course promotes a more thorough understanding of its models. Using examples from the literature, we will introduce behavioral principles such as status quo and default bias, over confidence, loss aversion, and procrastination in three main areas of study: consumer purchasing decisions, decisions under uncertainty, and decisions over time. We will discuss strategies to improve personal behavior and approaches in marketing and management that incorporate detected behaviors. 4 units.

Learning objectives:
By the end of this quarter you will have a basic understanding of
1. behavioral principles studied in this interdisciplinary field.
2. common pitfalls of seemingly irrational behavior.
3. strategic responses to behavioral biases applied to business decisions and policy approaches.
4. applied research/analysis methods and key findings described in academic papers.

How this course works:
The material covered in this course introduces you to powerful concepts affecting your everyday decision making. Throughout the course, we will discuss numerous applications from the business world and beyond. The material provided is designed to support the above stated learning objectives and introduces you to key concepts and principles.

Lectures, sections and student (office) hours:
I will teach lectures in person and post lecture slides prior to lectures each week (including a note taking version) and encourage you to take notes throughout lectures. Recordings of lectures will be made available on Canvas in case you cannot attend lectures or want to review the material.

You are expected to familiarize yourself with the information in the assigned reading prior to coming to class. We will then discuss important points and add context in lectures. Sections further allow you to increase your understanding of the covered concepts. You will work through applied exercises and participate in experiments discussed in the literature.

Your engagement with the material during lecture and sections, and outside these class times will reinforce your learning. If you do not understand something or need additional help, please ask.
If you do not feel comfortable asking in lecture or sections, come see me or your TA in student (office) hours. We are happy to help!

Graded Assignments, Projects, and Exams:

We all procrastinate. Incentives serve as commitment devices to stay engaged with the material throughout the quarter. Graded assignments are meant to support the development of study habits and provide you with positive and constructive feedback. They are an imperfect assessment tool of your individual learning outcomes, and should not be your primary motivation of engagement with the material. I strongly encourage you to set your own goals and repeatedly and independently assess your learning throughout the quarter as well.

Quizzes:

We will have one weekly pre-lecture quiz posted on the Quizzes tab on Canvas. You will have to complete this quiz before each Tuesday lecture (it will be available 24 hours prior). This quiz tests whether you read the required texts for each week. There will be a total of 8 quizzes and I will drop your two lowest quiz scores in computing your final grade.

Lecture participation (iClicker Reef App):

In addition, you will be able to actively participate and test your understanding by responding to questions using the iClicker Reef App in lectures. Please make sure you are registered (using your UC Davis information). I will ask questions throughout lectures and randomly choose one question to assign up to two points for each lecture (or section). You will receive one point if you submitted an answer (participation point) and an additional point if you submitted the correct answer. Receiving at least 30 points will count as a 100% participation score towards your final grade. Please note that it is possible to receive slightly more than 30 points by end of the quarter. This cut-off scoring allows you to learn from answering questions incorrectly, miss a lecture or two, or encounter occasional technical difficulties without incurring any grading penalty. No additional adjustments are made to your participation score.

Weekly reflections:

I want you to keep a journal or regularly reflect on the material covered each week and ask you to submit your entry as an assignment each week. These assignments give you an opportunity to reflect on your learning and provide feedback on the assigned readings, lectures, sections, and additional information posted from each week. You can also discuss ideas related to each week’s material in preparation for your final project, including additional examples or sources that relate to the material covered each week. Journal entries can be submitted in whatever format you feel most comfortable in when expressing your thoughts (e.g. upload a picture of your hand-written reflection, draw a diagram, record yourself or relevant content). Entries will be graded on effort and I (and my TA’s) will provide comments and feedback for each of your submission. I will also incorporate select entries during lectures the following weeks. Please turn in at least six journal entries over the course of the quarter. Each entry is due by midnight on Friday (see Canvas assignments posted). If you turn in more, your six highest scores will count towards your final grade.

1 We will not have a pre-lecture quiz during the first week, midterm week, and last week.
2 You can choose to opt out of the participation score altogether. If you decide to do so, please contact me via email before the midterm. In this case, all other assignments receive a higher weight when computing your overall grade.
Exams:
There will be one midterm on Tuesday, May 10. It will test your understanding of the simpler and easier accessible “anomalies” covered during the first half of the quarter. Please bring a UCD2000 (blue or red) scantron form on the day of the midterm. The exam will consist of multiple choice questions, true/false questions, and short answer analytic questions.

Final project:
The concepts covered during the second half of the quarter are more advanced and the primary goal is for you to master these ideas intuitively. However, I would like you to gain a deeper understanding of at least one of the topics covered throughout the quarter and complete a final project. This project can either follow the format of an academic research paper or a business case analysis and you will be asked to complete it in small groups. In order to help you to specify an appropriate question as a first step towards successful completion of this course requirement, you will be asked to submit a short proposal (300 words max) electronically by Sunday, April 24. Your final project should be 10-15 written pages and is due on Friday, June 3. Additional information regarding this project is provided in a separate handout. I encourage you to think about this early and seek feedback throughout the quarter.

Please add assignments and exams to your calendar. If other responsibilities or circumstances interfere with the successful completion of graded assignments, please reach out ASAP such that I can verify your circumstance (documentation will be required) and excuse you from missed quizzes or exam. I do not give make-up assignments. Your final grade will be based solely on the remaining assignments.

If you are unsure if your situation warrants this additional accommodation, please ask me. In the past, in addition to athlete schedules, I have made these accommodations for family emergencies (e.g. death or sickness), extraordinary circumstances (e.g. economic and social distress), job obligations (one-time responsibilities that cannot be rescheduled) and professional opportunities (e.g. job interviews or conference attendance).

Prerequisites: Econ 1A, Stat 13

Required: Introduction to Behavioral Economics: Noneconomic factors that shape economic decisions by Davis Just
To reduce student costs and ensure easy access, the textbook is made available as an e-book for this course. If you are part of the Equitable Access program, you can click on the Bookshelf tab on Canvas to access the textbook. If you opted out of this program, you have the opportunity purchase the e-book on the bookshelf tab. Please note that you have other ways to get access to the textbook including through the library (see Reading list tab in Canvas).

Additional readings as indicated and posted on Canvas

iClicker Reef App
You will need this app to actively participate in lectures. It is available for UC students for free. If you do not already have an account, you should have received an email with additional instructions.

Thinking Fast and Slow. Daniel Kahneman, Farrar, Straus and Giroux, 2011
Blink: The power of thinking without thinking. Malcolm Gladwell, Time Warner Book Group, 2005
Mindless Eating: Why we eat more than we think, Brian Wansink, Random House Publishing Group, 2010.³


Podcasts:
Choiceology with Katy Milkman
The New Bazaar with Cardiv Garcia (In particular: Our inescapable experiences (Sep 2, 2021)
Cautionary Tales with Tim Harford

Lectures: T/R 9:00 – 10:20pm, Walker 1330
Sections: T 5:10 – 6:00pm or 6:10 – 7:00pm, Olson 250
Student hours: R 8:00 – 8:50am, Zoom, see Canvas for direct link (ARE 133 only)
R 2:10 – 4:00pm, Zoom, see Canvas for direct link (joint with ARE 136)

Please come with questions or identify areas you want to talk about. I am happy to talk and provide feedback, advise you on anything we cover in class, or have a more personal conversation and provide advice.

Canvas discussions tab: You can use this Canvas feature to reach out with additional questions and concerns. Please only use my email for personal questions or concerns that cannot be shared or discussed publically.

Teaching Assistants: Sean Kiely (Tuesday sections, email: sfkiely@ucdavis.edu)
TA student hours: T 11:00 – 12:00noon, see Canvas for direct link

³ Please note that I decided to keep this reference despite the fact that Brian Wansink has been accused of overstating and manipulating his empirical findings. Since then, some of his original publications have been retracted from journals.
Grades:
Your final numerical score will be calculated based on participation, quizzes, lecture participation, essays, midterm, and final project. Numerical scores will not be converted to letter grades until the end of the quarter and specific letter grades will not be assigned to individual assignments. I will provide feedback on your performance over the course of the quarter, however. The final score breakdown and grade distribution is as follows:

<table>
<thead>
<tr>
<th>Participation</th>
<th>6% (30 points)</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>12% (60 points)</td>
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<tr>
<td>Weekly reflections</td>
<td>12% (60 points)</td>
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<tr>
<td>Midterm</td>
<td>30% (150 points)</td>
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<td>Project proposal</td>
<td>10% (50 points)</td>
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<tr>
<td>Final project</td>
<td>30% (150 points)</td>
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<td><strong>100%</strong></td>
<td><strong>500 points</strong></td>
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<table>
<thead>
<tr>
<th>Percent</th>
<th>Points</th>
<th>Grade</th>
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<tbody>
<tr>
<td>93 – 100%</td>
<td>500 – 465</td>
<td>A</td>
</tr>
<tr>
<td>90 – 92%</td>
<td>450 – 464</td>
<td>A-</td>
</tr>
<tr>
<td>87 – 89%</td>
<td>435 – 449</td>
<td>B+</td>
</tr>
<tr>
<td>83 – 86%</td>
<td>415 – 434</td>
<td>B</td>
</tr>
<tr>
<td>80 – 82%</td>
<td>400 – 414</td>
<td>B-</td>
</tr>
<tr>
<td>77 – 79%</td>
<td>385 – 399</td>
<td>C+</td>
</tr>
<tr>
<td>73 – 76%</td>
<td>365 – 384</td>
<td>C</td>
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Tentative schedule:

<table>
<thead>
<tr>
<th>Week</th>
<th>Subject</th>
<th>Assigned Readings (Just, and journal articles)</th>
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<tbody>
<tr>
<td>Week 1 (T 3/29 , R 3/31</td>
<td>Introduction and course logistics</td>
<td>Frank et al 1993; Ashraf et al 2005</td>
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<tr>
<td>Week 2 (T 4/5, R 4/7)</td>
<td>Rational choice theory and rational modeling</td>
<td>Chapter 1 Simon 1978</td>
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<td>Week 3 (T 4/12, R 4/14)</td>
<td>Consumer purchasing decisions: Transaction utility</td>
<td>Della Vigna and Malmendier 2006; Just and Wansink 2011</td>
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<td>and consumer pricing</td>
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<td>Project proposal due 4/24</td>
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<tr>
<td>Week 5 (T 4/26, R 4/28)</td>
<td>Consumer purchasing decisions: Status quo bias and</td>
<td>Chapter 4 John son and Goldstein 2003; Loewenstein and Adler 1995</td>
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<td></td>
<td>default options</td>
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<td>Week 6 (T 5/3, R 5/5)</td>
<td>Decisions under uncertainty: Choice bracketing</td>
<td>Chapter 6 Camerer et al 1997</td>
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<td>Week 7 (T 05/10, R 05/12)</td>
<td>Decisions under uncertainty: Representativeness</td>
<td>Chapter 7 Bertrand and Mullainathan 2004</td>
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<td>Midterm: T 5/10</td>
<td>and availability</td>
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<td>Week 8 (T 5/17, R 5/19)</td>
<td>Decisions under uncertainty: Confirmation and</td>
<td>Chapter 8 Barber and Odean 2001; Darley and Gross 1983</td>
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<td>overconfidence</td>
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<td>Week 9 (T 5/24, R 5/26)</td>
<td>Decisions over time: Projection and hindsight</td>
<td>Chapter 11 Read and van Leeuwen 1998</td>
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<tr>
<td></td>
<td>bias</td>
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Week 10 (T 5/31, R 6/2)

Decisions over time:
Procrastination

Chapter 12
Ariely and Wertenbroch, 2002

Final paper due: Friday 6/3
(midnight)

Academic Conduct:

You are an active member of the UC Davis campus and essential in our efforts to create a fair and honest community. Please review the Code of Academic Conduct. Familiarize yourself with your rights and responsibilities as you are required to acknowledge them for each of your courses. I encourage you to work together as I strongly believe it supports the learning process. **However, your submitted quiz and exam answers need to be your own, and any sources used in the preparation of your group project need to be properly cited** (Please refer to this additional information on proper citation). Any violation will result in you receiving no credit for the assignment or exam in question, and me reporting the incident to the Office of Student Support & Judicial Affairs.

Diversity, Equity, and Inclusion: UC Davis is a diverse community comprised of individuals having many perspectives and identities. **Our department is committed to playing a vital role in increasing diversity in our discipline. I strive to create a learning environment that both supports the diversity of thoughts, perspectives, and experiences and honors your identities (including race, gender, class, sexuality, religion, ability, etc.).** However, as the economics profession is home to disproportionately few historically underrepresented minority groups and women, I acknowledge that there may be biases in the course materials due to the lens with which they were written and presented. Please reach out and share any concerns or suggestions you might have in attempting to correct these.

For more information on our commitment to DEI in education, see: ARE DIRECT Program, UCD Principles of Community, UCD Office of Diversity, Equity and Inclusion, and UCD Diversity and Inclusion Strategic Vision.

UC Davis Land acknowledgement:

I would like to acknowledge the land on which we are gathered. For thousands of years, this land has been the home of Patwin people. Today, there are three federally recognized Patwin tribes: Cachil DeHe Band of Wintun Indians of the Colusa Indian Community, Kletsel Dehe Wintun Nation, and Yocha Dehe Wintun Nation. The Patwin people have remained committed to the stewardship of this land over many centuries. It has been cherished and protected, as elders have instructed the young through generations. We are honored and grateful to be here today on their traditional lands.

Special accommodations:
If you have a learning disability, any other difficulties or special circumstances that require accommodations, please let me know as soon as possible. I will accommodate all needs that have been verified through the Student Disability Center.

Copyright: My lectures and course materials, including lecture presentations, assignments, quizzes and exams, are protected by U.S. copyright law and by University policy. I am the exclusive owner of the copyright in those materials I create. You may take notes and make copies of course materials for your own use. You may also share those materials with other students who are enrolled in or are auditing this course except when taking quizzes and exams. You may not reproduce, distribute or display (post/upload) lecture notes, recordings, quizzes and exams, and all other course materials in any other way — whether or not a fee is charged — without my expressed prior written consent.
You also may not allow others to do so. Any violation will result in me reporting the incident to the Office of Student Support & Judicial Affairs.

I hope you all stay healthy, safe, and sane. I will do my best to make this an interactive and enjoyable class and wish you a successful quarter.