

**NORTHWESTERN UNIVERSITY**  
**Department of Economics**  
**Economics 330—Behavioral Economics**

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**Important:** It is my assumption, as well as that of Northwestern University, that you will attend every class and discussion section. The following is tentative. You are responsible for any changes or additions to what follows that may be announced in class, as well as all class material. Should you for whatever reason miss a class, it is your responsibility to get the notes from someone in the class and to ask during office hours should you have any questions after studying them. The following plan is tentative. Changes may well be made as necessary.

**Purpose:** Behavioral economics incorporates results from psychology and neuroscience in the attempt to gain deeper insight into economic behavior, to make better predictions, and to generate improved policy prescriptions. A core belief of behavioral economists is that, since psychology studies human judgment and behavior, our understanding can be improved by utilizing more realistic psychological underpinnings of economic analysis. This course surveys these attempts to improve the field of economics.

**PREREQUISITES:** Economics 310-1 and 310-2

**Texts:** There is no formal text for the class. However, we will read *The Willpower Instinct* by Kelly McGonigal, Avery, 2012. (Be sure to buy a version that has page numbers. I will not help you figure out page numbers if you, uh, buy a version without.) In general, readings will be made available as appropriate throughout the quarter. For reasons that I'll explain in class, I'll only post them bit by bit as we proceed through the quarter. Psychologists say that two of the most important life skills are the ability to deal with ambiguity and with frustration. If you absolutely cannot live with not knowing what the required readings are ahead of time, happily, you can drop the class and survive!

**Office Hours:** I can be available from 4-4:50 PM in Parkes 223 on Mondays and Wednesdays by appointment. If you'd like to see me in Parkes, please send me an email the evening before. I'll also be available for individual Zoom sessions on Thursday, typically in the evening. The exact hours will be posted in the Announcements section of Canvas late on Wednesday. You are welcome to ask any questions on the class material except for that week's problem set. The TA will provide information regarding his office hours during the first section meeting.

**Section:** Attendance at the weekly section is expected. The sections will be used to discuss homework problems, to expand on ideas presented in lecture or in the text, and to address questions that you may have. No section meeting the first week.

**Method of Evaluation:** There will be two midterm exams (each accounting for 1/3 of the total possible points), and a final exam (accounting for the remaining 1/3). Class participation, etc. will be definitely considered in borderline cases.

**Examination Policies and Dates:**

|            |        |                  |
|------------|--------|------------------|
| Exam 1     | Monday | October 23       |
| Exam 2     | Monday | November 13      |
| Final Exam | Monday | December 4, 5 PM |

No make-ups for the midterms will be given. In the case of an excused absence due to illness, the final grade will be determined by increasing the weights given to the midterm taken and the final. If an absence from a midterm is unexcused, the student is subject to receiving a grade of zero for that exam. Since Northwestern allows no exceptions to the published final exam schedule, the final exam will be given only at the appointed hour.

The class re-grade policy will be posted on Canvas later in the quarter. Happily, it's rare that a Northwestern student chooses to cheat but I am required to report any evidence of cheating to the Dean's office immediately with no discussion with the student. No cheating is allowed in any way in this class.

The class is graded according to a prescribed letter grade distribution. Requests for special treatment in effect ask to be moved up at the expense of another student. You will lose 5 points for each time that you ask if you can take an exam at a time other than scheduled or for special treatment with respect to grades. No cheating is allowed in any way.

Northwestern University owns a copyright on all class material, including the lectures. No recording of classes is allowed nor is posting of class material (e.g., homework sets) online allowed.

Due to comments from students regarding the negative externalities involved and research, the following policies hold: No reading of newspapers or chatting during class. Cell phones are to be put away (in your pocket, purse, or bookbag) and have their ringers turned off for the entire class. If you are unable to resist the impulse to check messages and text, you are welcome to very quietly leave the room to do so. No laptop/notebook/tablet computers allowed. Violation of this policy is subject to a grade penalty with no warning.

**Course Topics:** The plan for the course includes the following topics:

Introduction and Basics  
Preferences  
Risk  
Happiness  
Intertemporal Choice & Preference Reversals  
Self Control  
Fairness  
Bargaining  
Reputation  
Trust  
Behavioral Macroeconomics  
Behavioral Finance

No class on Wednesday, November 22. HAPPY THANKSGIVING!!!