1 Outline

This course is held in **English language** and will take place every **Wednesday from 12:15 to 16:00**, starting at the **26th of September**. There will be exercise sessions in addition to the lectures and the course will be completed by a final exam at the end of the semester (90 min) that yields **4.5 ECTS**.

This course is valid for:

- Master in Economics; Module 7: Economic Theory
- Master in Economics; Module 8: Industrial Organization
- Master in Economics; Offer Master list
- Benefri

2 Content

This course covers topics in Behavioral Economics, which aims at integrating insights from psychology into economic thinking. Behavioral economics departs from “mainstream economic theory” by weakening its strong assumptions, such as perfect rationality or pure self-interest. First, we will challenge classical assumptions on preferences and replace them with behavioral alternatives. Thus, we will introduce reference-dependent preferences, social preferences and time-inconsistent preferences. We will discuss papers that formalize these concepts and, hence, allow deriving formal and testable predictions that can be tested against mainstream models. Afterwards we will focus on beliefs and discuss biases that occur in the belief formation and updating process.

The goal of the course is to introduce students to some of the key applications of behavioral economics. This involves both formal modeling of behavioral assumptions and the empirical assessment and identification of behavioral biases. As a consequence, the course is suited both for students interested in theoretical and in empirical work. The grade will be given on the basis of an exam at the end of the semester (90 minutes).

3 Program (preliminary)

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<tr>
<td>19th of September</td>
<td>No Lecture</td>
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<tr>
<td>26th of September</td>
<td>Introduction</td>
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<tr>
<td>3rd of October</td>
<td>Reference-Dependent Preferences</td>
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<td>10th of October</td>
<td>Reference-Dependent Preferences</td>
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<td>24th of October</td>
<td>Social Preferences</td>
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<td>7th of November</td>
<td>Time-Inconsistent Preferences</td>
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<td>14th of November</td>
<td>Non-Standard Beliefs</td>
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<td>21st of November</td>
<td>Non-Standard Beliefs, Motivated Beliefs</td>
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<td>28th of November</td>
<td>Motivated Beliefs</td>
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<td>19th of December</td>
<td>no lecture (tentative)</td>
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4 Reading List

All papers will be provided on Moodle.

4.1 General

- DellaVigna (2009)
- Thaler (2016)
- Thaler (2018)
- Rabin (1998)

4.2 Reference-Dependent Preferences


4.3 Social Preferences

- *Social esteem*: Ellingsen and Johannesson (2008)

4.4 Time-Inconsistent Preferences


4.5 Non-standard Beliefs

- *Hot Hand Fallacy*: Miller and Sanjurjo (2014)

4.6 Motivated Beliefs

- Bénabou and Tirole (2016)

4.7 Salience

- Bordalo, Gennaioli, and Shleifer (2013)

5 Teaching assistance

Elisa Matthews
Chair of Industrial Economics, University of Fribourg
Boulevard de Pérolles 90, Pérolles 21, Office G412, 1700 Fribourg
Phone: +41(0)26 300 82 84
Email: elisa.matthewes@unifr.ch
References


