

UNIVERSITY OF STELLENBOSCH

Behavioural Economics 771/874 2022

- Convener:** Rulof Burger (rulof@sun.ac.za)
- Prerequisites:** This course presumes mastery of Honours-level microeconomics and mathematics. Admission to the course is open to all Master's students, and the 10 Honours students with the best combined marks in Honours Microeconomics and Mathematical Methods.
- Lectures & Tutorials:** Lectures will take place on Tuesdays from 8:00 to 10:00 in CGW Schumann Building, Room 225.
- There will also be tutorials on some Thursdays at 14:00 to 16:00 in CGW Schumann Building, Room 225.
- Lecturers:**
- Rulof Burger (rulof@sun.ac.za)
Weeks 1-11
Rm 619 C.G.W Schumann Building
Tel: +27-21-808-2328
- Ronelle Burger (rburger@sun.ac.za)
Week 12
- Sophia Du Plessis (sophia@sun.ac.za)
Week 13

Aims and objectives

Course Description:

The course provides an introduction to behavioural economics, and explores topics that will help students understand the modern behavioural economic literature and perform behavioural economic analysis in either a professional or academic environment. The structure of the course follows the taxonomy in Rabin (2002) and DellaVigna (2009) that categorises topics into i) non-standard preferences, ii) non-standard beliefs, and iii) non-standard decision-making.

Course Design:

The main focus is theoretical model building and analysis, with some reference to and exploration of related empirical issues.

The models discussed in the lectures build on standard microeconomic models, like discounted utility and expected utility, which are covered in the mathematics and microeconomics courses. These models and the requisite tools of optimisation are assumed to be known and mastered by the student.

Course Objectives:

The broad objectives of the course are:

- To provide students with a foundation to apply behavioural economic analysis, both formally and intuitively.
- To facilitate critical engagement with the literature in order to achieve synthesis across the various topics, and develop skills to apply to understanding most fields in economics.
- To indicate directions in which different parts of behavioural economics have been taken and what is done at the cutting edge of research.
- To demonstrate how formal approaches can be used to formulate and solve behavioural economic problems analytically.

Preliminary course structure

The planned course consists of the following 13 lectures (although this may change during the semester):

1. Introduction

- Traditional vs behavioural economics
- Deviations from prototypical rational agent model
- Dual process model of cognition
- Introduction to neuro-economics

2. Present-Biased Preferences

- History of intertemporal choice
- Hyperbolic discounting
- Procrastination
- Self-awareness
- Commitment devices

3. Reference Dependent Preferences

- Reference dependence
- Loss aversion
- Endowment effect
- Bunching-Based Evidence
- Other evidence
- Reference points

4. Social Preferences

- Evidence from laboratory experiments
- Altruism
- Reciprocity
- Shaping social preferences
- Inequity aversion
- Intrinsic motivation

5. Heuristics and Biases

- Priming
- Attribute substitution
- Representativeness
- Gambler's fallacy, hot hand bias and the law of small numbers
- Availability
- Other common heuristics
- Anchoring

6. Prospect Theory and Overconfidence

- Uncertainty
- Prospect theory
- Narrow bracketing
- Overconfidence

7. Projection Bias and Motivated Beliefs

- Projection bias
- Motivated beliefs
- Information avoidance and strategic ignorance
- Anticipatory utility
- News utility

8. Non-standard Decision Making

- Drift-diffusion model
- Menu effects
 - i. Context effects
 - ii. Choice overload
- Status quo bias (revisited)
- Decision fatigue
- Poverty as cognitive tax
- Nudges

9. Attention, Memory and Persuasion

- Inattention
- Saliency
- Learning by noticing
- Reminders and planning prompts
- Persuasion

10. Behavioural labour economics

- Work effort and reference dependence
- Present biased preferences and job search
- Peer effects and productivity

11. Behavioural public economics

12. Behavioural health economics

Tutorials

There will also be approximately 9 compulsory tutorial classes. These lectures will be used for problem sets, class presentations and additional lectures.

Examination and assessment

The course assessment consists of five parts: i) one mid-semester test on **31 August 2022**, ii) one examination at the end of the semester; iii) a series of oral presentations (group work); iv) a series of problem sets (group work); and v) an essay that requires applying at least one of the techniques covered in the lectures towards answering an economic research question. The mid-semester test and exam jointly contribute 50% to the final mark, the essay 30% and the problem sets and class presentations each count 10%.

To pass this module, a mark of at least 40 percent is required for the examination and a final mark of at least 50 percent must be obtained. To obtain a distinction in a module, a minimum final mark of 75 percent is required. No sub-minima are required for the different subsections of the module.

A student fails a module (with no access to a supplementary examination opportunity) if they obtain less than 40 percent in the examination. A student that obtains at least 40 percent in the examination, but a final mark of less than 50 percent qualifies for a supplementary examination opportunity, which can increase the student's final mark to a maximum of 50 percent.

Sick test and medical certificates

Students are required to write the mid-semester test on the scheduled date. If a student is sick on the day of the mid-semester test, they need to submit a valid medical certificate to the course coordinator within 48 hours of missing the assessment. If a valid medical certificate is not received by this deadline, the student will not gain entrance to the sick test opportunity and the module will be deemed incomplete on their academic record. No exceptions will be made.

If a student has to write a sick test in a module, they write this sick test on the same date as the module's examination (in one sitting) with a 30 minute break between the two papers. The sick test is the second and final assessment opportunity for material covered in a mid-semester test. As such, no medical certificates will be accepted as an excuse for missing the sick test. A student that must write the sick test is also not allowed to submit a medical certificate to miss the examination, since the sick test and examination is written in one sitting.

In the second semester, examinations are written in October and November. Students are required to make use of the first examination opportunity in each module, unless they submit a valid medical certificate. (Valid) medical certificates for missed examination opportunities must be submitted to Carina Smit (carina@sun.ac.za) within 48 hours of missing the assessment to gain access to the supplementary

examination opportunity. The supplementary examination is in all circumstances the final examination opportunity. If a supplementary examination opportunity is scheduled, all these examinations will be scheduled in one calendar week (in the first semester: at the end of June or early in July for the first semester modules and in December for the second semester modules).

For a medical certificate to be valid, it must meet the following requirements:

- Name of the patient (student);
- Date and time of medical examination;
- An indication that the certificate has been issued after a personal observation (this excludes telephonic consultation or communication) of the student by a suitably registered medical practitioner;
- Confirmation that the student will not be able to or was not able to attend class or take the class test(s) or carry out the class work, due to illness, and
- Any other information which, in the judgement of the practitioner would be required or relevant.

Please refer to the University Calendar, Part 1, for further information.

Essay

Students must submit an essay in which they design a field experiment that could answer an interesting behavioural economic question. The essay must contain the following:

- a clear statement of the research question and motivation for why this is interesting and important;
- a brief review of the relevant literature (both theoretical and empirical) which highlights the research gap your experiment will address;
- a clear description of the experimental design and the theory of change;
- an explanation of how the treatments will be administered and data gathered (including proposed partner institutions);
- a pre-analysis plan of the empirical analysis that will be performed on the data.

The essay has a 3000-word limit. You will be penalized for exceeding this word limit (from the first word) and for not indicating the number of words at the end of the essay.

The administration of the essay will take place through SUNLearn:

- Each student is required to submit a proposal, which must contain the essay topic and a brief outline of the essay outline by **25 August 2022**.
- The deadline for the essay is 12:00 on **7 October 2022**
 - Each student must complete an online plagiarism declaration before the essay will be graded.
 - You will be able to review your Turnitin similarity report, revise your essay and resubmit until the deadline. After the deadline, all submissions are final and no revisions will be accepted.
 - References and citations must be complete and in the Harvard style. The internet should be treated as any other source with full acknowledgement.

Potential reading list

Lecture 1: Introduction

- DellaVigna, S., 2009. Psychology and economics: Evidence from the field. *Journal of Economic Literature*, 47(2): 315-72.
- Cohen, J.D., 2005. The vulcanization of the human brain: A neural perspective on interactions between cognition and emotion. *Journal of Economic Perspectives*, 19(4): 3-24.
- Thaler, R.H., 2018. From cashews to nudges: The evolution of behavioral economics. *American Economic Review*, 108(6): 1265-87.
- Rabin, M., 2002. A Perspective on Psychology and Economics. *European Economic Review*, 46(4-5): 657-85.
- Rabin, M., 2013. An approach to incorporating psychology into economics. *American Economic Review*, 103(3): 617-22.
- Stigler, G. and Becker, G., 1977. De gustibus non est disputandum. *American Economic Review*, 67(2): 76-90.

Lecture 2: Present-Biased Preferences

- Ericson, K.M. and Laibson, D., 2019. Intertemporal choice. In Bernheim, B.D., DellaVigna, S. and Laibson, D. (eds.) *Handbook of Behavioral Economics: Applications and Foundations 1* (2), Elsevier: 1-67.
- O'Donoghue, T. and Rabin, M., 1999a. Doing it now or later. *American Economic Review*, 89(1): 103-124.
- Thornton, R., 2008. The Demand for, and Impact of, Learning HIV Status, *American Economic Review*, 98(5): 1829-63.
- Read, D. and Van Leeuwen, B., 1998. Predicting hunger: The effects of appetite and delay on choice. *Organizational behavior and human decision processes*, 76(2): 189-205.
- Frederick, S., Loewenstein, G. and O'Donoghue, T., 2002. Time discounting and time preference: A critical review. *Journal of Economic Literature*, 40(2): 351-401.
- O'Donoghue, T. and Rabin, M. 1999b. Procrastination in Preparing for Retirement, Chapter 4 in H. Aaron (ed.) *Behavioral Dimensions of Retirement Economics*, Washington D.C.: Brookings Institution Press.
- Read, D., Loewenstein, G. and Kalyanaraman, S., 1999. Mixing virtue and vice: Combining the immediacy effect and the diversification heuristic. *Journal of Behavioral Decision Making*, 12(4): 257-273.
- McClure, S.M., Laibson, D.I., Loewenstein, G. and Cohen, J.D., 2004. Separate neural systems value immediate and delayed monetary rewards. *Science*, 306(5695): 503-507.
- Oster, S.M. and Morton, F.M.S., 2005. Behavioral biases meet the market: The case of magazine subscription prices. *BE Journal of Economic Analysis & Policy*, 5(1).
- Della Vigna, S. & Malmendier, U., 2006. Paying Not to Go to the Gym, *American Economic Review*, 96(3): 694-719.
- Acland, D. and Levy, M.R., 2015. Naiveté, projection bias, and habit formation in gym attendance. *Management Science*, 61(1): 146-160.
- Aggarwal, S., Dizon-Ross, R. and Zucker, A.D., 2020. *Incentivizing behavioral change: the role of time preferences* (No. w27079). National Bureau of Economic Research.
- Ariely, D. and Wertenbroch, K., 2002. Procrastination, deadlines, and performance: Self-control by precommitment. *Psychological Science*, 13(3): 219-224.

- Augenblick, N. and Rabin, M., 2019. An experiment on time preference and misprediction in unpleasant tasks. *Review of Economic Studies*, 86(3): 941-975.
- Ausubel, L.M., 1999. *Adverse selection in the credit card market*. working paper, University of Maryland.
- DellaVigna, S. and Paserman, M.D., 2005. Job search and impatience. *Journal of Labor Economics*, 23(3): 527-588.
- Duflo, E., Kremer, M. and Robinson, J., 2011. Nudging farmers to use fertilizer: Theory and experimental evidence from Kenya. *American Economic Review*, 101(6): 2350-90.
- Fedyk, A., 2018. Asymmetric naivete: Beliefs about self-control. *Available at SSRN 2727499*.
- Giné, X., Karlan, D. and Zinman, J., 2010. Put your money where your butt is: a commitment contract for smoking cessation. *American Economic Journal: Applied Economics*, 2(4): 213-35.
- Kaur, S., Kremer, M. and Mullainathan, S., 2015. Self-control at work. *Journal of Political Economy*, 123(6): 1227-1277.
- Meier, S. and Sprenger, C., 2010. Present-biased preferences and credit card borrowing. *American Economic Journal: Applied Economics*, 2(1): 193-210.
- Milkman, K.L., Minson, J.A. and Volpp, K.G., 2014. Holding the hunger games hostage at the gym: An evaluation of temptation bundling. *Management Science*, 60(2): 283-299.
- Schilbach, F., 2019. Alcohol and self-control: A field experiment in India. *American Economic Review*, 109(4): 1290-1322.
- Schwartz, J., Mochon, D., Wyper, L., Maroba, J., Patel, D. and Ariely, D., 2014. Healthier by precommitment. *Psychological science*, 25(2): 538-546.

Lecture 3: Methodologies in behavioural economics

- **Ashraf, N., Karlan, D. and Yin, W., 2006. Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines. *Quarterly Journal of Economics*, 121(2): 635-672.**
- **Andreoni, J., Kuhn, M. A. and Sprenger, C., 2015. Measuring time preferences: A comparison of experimental methods. *Journal of Economic Behavior & Organization*, 116: 451-464.**
- **Madrian, B. C. and Shea, D. F., 2001. The power of suggestion: Inertia in 401 (k) participation and savings behavior. *Quarterly Journal of Economics*, 116(4): 1149-1187.**
- **Duflo, E., Glennerster, R. and Kremer, M., 2007. Using randomization in development economics research: A toolkit. *Handbook of development economics*, 4: 3895-3962.**
- Choi, J.J., Laibson, D., Madrian, B.C., and Metrick, A., 2006. Saving for retirement on the path of least resistance. In: McCaffrey, Ed, Slemrod, Joel (Eds.), *Behavioral Public Finance: Toward a New Agenda*. Russell Sage Foundation, New York: 304–351 (Chapter 11).
- Thaler, R., 1981. Some empirical evidence on dynamic inconsistency. *Economics letters*, 8(3): 201-207.
- Hausman, J.A., 1979. Individual discount rates and the purchase and utilization of energy-using durables. *The Bell Journal of Economics*: 33-54.
- Harrison, G.W. and List, J.A., 2004. Field experiments. *Journal of Economic Literature*, 42(4): 1009-1055.
- Gabaix, X. and Laibson, D., 2008. The seven properties of good models. *The foundations of positive and normative economics: A handbook*: 292-319.
- DellaVigna, S., 2018. Structural behavioral economics. In *Handbook of Behavioral Economics: Applications and Foundations 1* (Vol. 1, pp. 613-723). North-Holland.

Lecture 4: Reference dependent preferences

- O'Donoghue, T. and Sprenger, C., 2018. Reference-dependent Preferences. In Bernheim, B.D., DellaVigna, S. and Laibson, D. (eds.) *Handbook of Behavioral Economics: Applications and Foundations 1* (1), Elsevier: 1-77.
- Koszegi, B. and Rabin., M., 2006. A Model of Reference-Dependent Preferences. *Quarterly Journal of Economics* 121(4): 1133-1165.
- Kahneman, D., Knetsch, J. and Thaler., R., 1990. Experimental Tests of the Endowment Effect and the Coase Theorem. *Journal of Political Economy* 98(6): 1325-1348.
- Genesove, D. and Mayer, C., 2001. Loss aversion and seller behavior: Evidence from the housing market. *Quarterly Journal of Economics*, 116(4): 1233-1260.
- Allen, E.J., Dechow, P.M., Pope, D.G. and Wu, G., 2017. Reference-dependent preferences: Evidence from marathon runners. *Management Science*, 63(6):1657-1672.
- Thaler, R., 1980. Toward a positive theory of consumer choice. *Journal of Economic Behavior & Organization*, 1(1): 39-60.
- Kahneman, D. and Tversky, A., 1979. Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 47(2): 263-292.
- List, J.A., 2003. Does market experience eliminate market anomalies? *Quarterly Journal of Economics* 118(1): 41-71.
- List, J.A., 2004. Neoclassical theory versus prospect theory: Evidence from the marketplace. *Econometrica*, 72(2): 615-625.
- Plott, C.R. and Zeiler, K., 2005. The willingness to pay-willingness to accept gap, the "endowment effect," subject misconceptions, and experimental procedures for eliciting valuations. *American Economic Review*, 95(3): 530-545.
- Plott, C.R. and Zeiler, K., 2007. Exchange asymmetries incorrectly interpreted as evidence of endowment effect theory and prospect theory? *American Economic Review*, 97(4):1449-1466.
- Plott, C.R. and Zeiler, K., 2011. The Willingness to Pay—Willingness to Accept Gap, the "Endowment Effect," Subject Misconceptions, and Experimental Procedures for Eliciting Valuations: Reply. *American Economic Review*, 101(2): 1012-28.
- Andersen, S., Badarinza, C., Liu, L., Marx, J. and Ramadorai, T., 2021. Reference dependence in the housing market. *Available at SSRN 3396506*.
- Rees-Jones, A., 2014. Quantifying loss-averse tax manipulation, *Review of Economic Studies* 85(2): 1251-1278.
- Pope, D.G. and Schweitzer, M.E., 2011. Is Tiger Woods loss averse? Persistent bias in the face of experience, competition, and high stakes. *American Economic Review*, 101(1): 129-57.
- Hossain, T. and List, J.A., 2012. The behavioralist visits the factory: Increasing productivity using simple framing manipulations. *Management Science*, 58(12): 2151-2167.
- Fryer, R.G., Levitt, S.D., List, J. and Sadoff, S., 2012. *Enhancing the efficacy of teacher incentives through loss aversion: A field experiment* (No. w18237). National Bureau of Economic Research.
- Card, D. and Dahl, G., 2011. Family Violence and Football: The Effect of Unexpected Emotional Cues on Violent Behavior. *Quarterly Journal of Economics* 126(1): 103-143.
- Lacetera, N., Pope, D.G. and Sydnor, J.R., 2012. Heuristic thinking and limited attention in the car market. *American Economic Review*, 102(5): 2206-36.
- Medvec, V.H., Madey, S.F. and Gilovich, T., 1995. When less is more: counterfactual thinking and satisfaction among Olympic medalists. *Journal of personality and social psychology*, 69(4): 603.
- Baker, M., Pan, X. and Wurgler, J., 2012. The Effect of Reference Point Prices on Mergers and Acquisitions. *Journal of Financial Economics*, 106(1): 49-71.
- Mas, A., 2006. Pay, reference points, and police performance. *The Quarterly Journal of Economics*, 121(3): 783-821.

Lecture 4: Social preferences

- Camerer, C., 2003. Dictator, Ultimatum, and Trust games. In *Behavioral Game Theory: Experiments in Strategic Interaction*. New York: Russel-Sage, Chapter 2: 43-117.
- Bowles, S., 2004. Preferences and Behavior. In *Microeconomics: Behaviour, Institutions and Evolution*. Princeton: Princeton University Press, Chapter 3: 93-126.
- Charness, G. and Rabin, M., 2002. Understanding Social Preferences with Simple Tests. *Quarterly Journal of Economics* 117(3): 817-869.
- Gneezy, U. and List, J.A., 2006. Putting Behavioral Economics to Work: Testing for Gift Exchange in Labor Markets Using Field Experiments. *Econometrica*, 74(5): 1365-1384.
- Bandiera, O., Barankay, I. and Rasul, I., 2005. Social Preferences and the Response to Incentives: Evidence from Personnel Data. *Quarterly Journal of Economics* 120(3): 917-962.
- Hjort, J., 2014. Ethnic Divisions and Production in Firms. *Quarterly Journal of Economics*, 129(4): 1899-1946.
- Kube, S., Maréchal, M.A. and Puppe, C., 2012. The currency of reciprocity: Gift exchange in the workplace. *American Economic Review*, 102(4): 1644-62.
- Kube, S., Maréchal, M.A. and Puppe, C., 2013. Do wage cuts damage work morale? Evidence from a natural field experiment. *Journal of the European Economic Association*, 11(4): 853-870.
- Krueger, A.B. and Mas, A., 2004. Strikes, scabs, and tread separations: labor strife and the production of defective Bridgestone/Firestone tires. *Journal of Political Economy*, 112(2): 253-289.
- Carpenter, J. 2008. Social preferences. In Durlauf, S. N. and Blume, L. E. (eds.), *The New Palgrave Dictionary of Economics*, 7, (2nd Ed.) New York, Palgrave Macmillan: 651–655.
- Rabin, M., 2006. The Experimental Study of Social Preferences. *Social Research* 73(2): 405-428.
- Levitt, S. D., and List, J.A., 2007. What Do Laboratory Experiments Measuring Social Preferences Reveal About the Real World? *Journal of Economic Perspectives*, 21(2): 153-174.
- Sanfey, A.G., Rilling, J.K., Aronson, J.A., Nystrom, L.E. and Cohen, J.D., 2003. The neural basis of economic decision-making in the ultimatum game. *Science*, 300(5626): 1755-1758.
- Rao, G., 2019. Familiarity does not breed contempt: Generosity, discrimination, and diversity in Delhi schools. *American Economic Review*, 109(3): 774-809.
- Kosse, F., Deckers, T., Pinger, P., Schildberg-Hörisch, H. and Falk, A., 2020. The formation of prosociality: causal evidence on the role of social environment. *Journal of Political Economy*, 128(2): 434-467.
- Cappelen, A.W., List, J.A., Samek, A. and Tungodden, B., 2016. *The effect of early education on social preferences* (No. w22898). National Bureau of Economic Research.
- Andreoni, J., 2001. The Economics of Philanthropy, in N. Smeltser and P. Baltes (eds.), *International Encyclopedia of Social and Behavioral Sciences*, Elsevier: Oxford: 11369-11376.
- List, J.A. and Lucking-Reiley, D., 2002. The Effects of Seed Money and Refunds on Charitable Giving: Experimental Evidence from a University Capital Campaign. *Journal of Political Economy* 110(8): 215-233.
- Falk, A., 2007. Gift Exchange in the Field. *Econometrica* 75(5): 1501-1511.

Lecture 6: Heuristics and biases

- Gilovich, T., & Griffin, D. (2002). Introduction-heuristics and biases: Then and now. In Gilovich, T., Griffin, D. and Kahneman, D. (eds.), *Heuristics and biases: The psychology of intuitive judgment*. 1-18.
- Benjamin, D.J., 2019. Errors in probabilistic reasoning and judgment biases. Intertemporal choice. In Bernheim, B.D., DellaVigna, S. and Laibson, D. (eds.), *Handbook of Behavioral Economics: Applications and Foundations 1 (2)*: 69-186.
- Kahneman, D., & Frederick, S. (2002). Representativeness revisited: Attribute substitution in intuitive judgment. In Gilovich, T., Griffin, D. and Kahneman, D. (eds.), *Heuristics and biases: The psychology of intuitive judgment*. 49-81.
- Chen, D.L., Moskowitz, T.J. and Shue, K., 2016. Decision making under the gambler's fallacy: Evidence from asylum judges, loan officers, and baseball umpires. *The Quarterly Journal of Economics*, 131(3): 1181-1242.
- Tversky, A. and Kahneman, D., 1971. Belief in the law of small numbers. *Psychological bulletin*, 76(2): 105-110.
- Kahneman, D. and Tversky, A., 1972. Subjective probability: A judgment of representativeness. *Cognitive psychology*, 3(3): 430-454.
- Tversky, A. and Kahneman, D., 1973. Availability: A heuristic for judging frequency and probability. *Cognitive psychology*, 5(2): 207-232.
- Tversky, A. and Kahneman, D., 1974. Judgment under uncertainty: Heuristics and biases. *Science*, 185(4157): 1124-1131.
- Rabin, M., 2002. Inference by Believers in the Law of Small Numbers. *Quarterly Journal of Economics* 117(3): 775-816.
- Gilovich, T., Vallone, R. and Tversky, A., 1985. The hot hand in basketball: On the misperception of random sequences. *Cognitive psychology*, 17(3): 295-314.
- Miller, J.B., and Sanjurjo, A., 2018. Surprised by the hot hand fallacy? A truth in the Law of Small Numbers. *Econometrica*, 86 (6), 2019–2047.
- Clotfelter, C.T. and Cook, P.J., 1993. The “gambler's fallacy” in lottery play. *Management Science*, 39(12): 1521-1525.
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- Langer, E.J., 1975. The illusion of control. *Journal of personality and social psychology*, 32(2): 311-328.
- Slovic, P., Finucane, M., Peters, E. and MacGregor, D.G., 2002. Rational actors or rational fools: Implications of the affect heuristic for behavioral economics. *The Journal of Socio-Economics*, 31(4): 329-342.
- Fudenberg, D., Levine, D.K. and Maniadis, Z., 2012. On the robustness of anchoring effects in WTP and WTA experiments. *American Economic Journal: Microeconomics*, 4(2): 131-45.
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- Slovic, P., Finucane, M.L., Peters, E. and MacGregor, D.G., 2007. The affect heuristic. *European journal of operational research*, 177(3): 1333-1352.
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- Kahneman, D., Slovic, S.P., Slovic, P. and Tversky, A. eds., 1982. *Judgment under uncertainty: Heuristics and biases*. Cambridge university press.
- Gilovich, T., Griffin, D. and Kahneman, D. eds., 2002. *Heuristics and biases: The psychology of intuitive judgment*. Cambridge university press.
- Kahneman, D., 2011. *Thinking, fast and slow*. Macmillan.
- Lewis, M., 2016. *The undoing project: A friendship that changed the world*. Penguin UK.

Lecture 7: Prospect theory and debiasing

- Barberis, N., 2013 Thirty Years of Prospect Theory in Economics: A Review and Assessment, *Journal of Economic Perspectives* 27(1): 173-196.
- Camerer, C.F., 2000. Prospect Theory in the Wild: Evidence from the Field, Chapter 16 in Kahneman, D. and Tversky, A. (eds.), *Choices, Values, and Frames*. Cambridge: Cambridge University Press.
- Starmer, C., 2000 Developments in Non-Expected Utility Theory: The Hunt for a Descriptive Theory of Choice under Risk, *Journal of Economic Literature* 38(2): 332-382.
- Tversky, A. and Kahneman, D., 1992. Advances in prospect theory: Cumulative representation of uncertainty. *Journal of Risk and Uncertainty*, 5(4): 297-323.
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- Rabin, M. & Thaler, R.H., 2001. Anomalies: Risk aversion, *Journal of Economic Perspectives* 15(1): 219-232.
- O'Donoghue, T. and Somerville, J., 2018. Modeling risk aversion in economics. *Journal of Economic Perspectives*, 32(2): 91-114.
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- Sydnor, J., 2010. (Over)insuring Modest Risks. *American Economic Journal: Applied Economics* 2(4): 177-199.
- Benartzi, S. and Thaler, R., 1995. Myopic Loss Aversion and the Equity Premium Puzzle. *Quarterly Journal of Economics* 110: 73-92.
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- Abel, M., Cole, S. and Zia, B., 2021. Changing Gambling Behavior through Experiential Learning. *The World Bank Economic Review*, 35(3): 745-763.
- Barseghyan, L., Molinari, F., O'Donoghue, T. and Teitelbaum, J.C., 2013. The Nature of Risk Preferences: Evidence from Insurance Choices. *American Economic Review* 103(6): 2499-2529.
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- Read, D., Loewenstein, G. and Rabin, M., 1999. Choice Bracketing. *Journal of Risk and Uncertainty*, 19 (1-3): 171-197.
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Lecture 12: Behavioural health economics

TBD

Lecture 13: Behavioural public economics

TBD