

Course Outline

EE 416 BEHAVIORAL ECONOMICS

Semester 2/2024 (January 20 - May 14, 2025)



NUMBER OF CREDITS: 3 credits (3-0-6), sec. 046401

LECTURE TIME: Fridays, 9am – Noon

LECTURE VENUE: Room 204, Faculty of Economics,
Thammasat University (Tha Prachan)

COMMUNICATION CHANNELS:

Please join both platforms.

<p>1. Google classroom</p> <p>EE416 Behavioral Econ Spring 25</p>  <p>Class code: ox5crjh Invite link: https://classroom.google.com/c/NzQ2NTM1Mzk4ODU2?cjc=ox5crjh</p>	<p>2. line group</p> <p>EE416BehEcon.S25 🌱</p>  <p>Invite link: https://line.me/ti/g/RMjqjc7WQX</p>
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Handouts will be posted before classes, and lecture notes will be posted after each class on Google Classroom.

INSTRUCTOR: Dr. Sunsiree Kosindesha,
Office: Room 429, 4th Floor, Faculty of Economics
Email: sunsiree@econ.tu.ac.th
Office hours: by appointment (please email)

PREREQUISITES: *EE 311*

COURSE DESCRIPTION: Concepts and frameworks in behavioral economics, including a comparative study of models for decision under uncertainty between mainstream economics and behavioral economics, empirical evidence that support behavioral economics, models that incorporate psychological and sociological factors for consumer and social behaviors, and other topics that the lecturer finds suitable.

EVALUATION:

Free-form Project: **10%**

(Mini project customized to your interest related to behavioral economics,
Individual or in a group of no more than 5 people)

BE TED Talk: **10%**

(Pick a research paper related to behavioral economics and present it in TED-Talk style,
Individual or a group of no more than 5 people)

BE Term paper: **25%**

(Three routes: **Research Insight**, **Business Insight**, or **Policy Insight**, with Poster presentation)

Individual or a group of no more than 5 people)

Midterm Exam: **25%**

(Including content covered in classes up until March 7th; a calculator is allowed.)

Final Exam: **30%**

(Including all content from the beginning till the end; one A4 note (2 pages front and back) and a calculator are allowed.)

EXAMINATION SCHEDULE

Mid-term examination **Friday, March 14, 2025 09.00-11.00 hrs.**

Final examination **Thursday, May 22, 2025 09.00-12.00 hrs.**

MAIN TEXTBOOK

***Dhami**, S. (2016). *The foundations of behavioral economic analysis*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2016

***Cartwright**, E. (2024). **Behavioral Economics, Fourth Edition**. Routledge.

<https://doi.org/10.4324/9781003357971>

Dhami, S. (2025). *Principles of Behavioral Economics: Microeconomics and Human Behavior*. Cambridge: Cambridge University Press.

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 1 Behavioral Economics of Risk, Uncertainty, and Ambiguity*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2019 V. 1

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 2 Other-Regarding Preferences*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2019 V. 2

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 3 Behavioral Time Discounting*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2019 V. 3

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 4 Behavioral Game Theory*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2019 V. 4

Dhami, S. (2020). *Foundations of Behavioral Economic Analysis: Volume 5 Bounded Rationality*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2020 V. 5

Dhami, S. (2020). *Foundations of Behavioral Economic Analysis: Volume 7 Further Topics in Behavioral Economics*. Oxford University Press.

Puey Ungphakorn Library, Tha Phra Chan campus, HB74.P8 D43 2020 V. 7

RECOMMENDED BOOKS:

- Angner, Erik. **A course in behavioral economics**. Bloomsbury Publishing, 2020.
- Corr, P., Plagnol, A. **Behavioral Economics the basics**. London: Routledge, 2019
Companion site: <https://www.behavioraleconomicsbasics.net/>
- Kahneman, D. **Thinking, fast and slow**. New York, NY, US: Farrar, Straus and Giroux, 2011
- Sunstein, Cass R. **Behavioral Science and Public Policy**. Cambridge: Cambridge University Press, 2020
- Sunstein, Cass R. **Sludge: What Stops Us From Getting Things Done And What To Do About It**. MIT Press, 2021
- Thaler, R. H. **Misbehaving: The making of behavioral economics**. 2015.
- Thaler, Richard H., and Cass R. Sunstein. **Nudge: Improving decisions about health, wealth, and happiness**. Yale University Press, 2008.
- Wendel, Stephen. **Designing for behavior change: Applying psychology and behavioral economics**. O'Reilly Media, 2020.
- Lembke, A. (2021). **Dopamine nation: Finding balance in the age of indulgence**. Dutton.

EXPECTED LEARNING OUTCOMES:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
○	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
●	2.3 Students know and understand instruments of economic analysis.
●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.
●	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
●	4.2 Students have problem-solving skills.
●	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
●	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5. Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
●	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
●	5.2 Students communicate effectively and select appropriate presentation methods.
●	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

COURSE OVERVIEW

The planned timeline is subject to change as the instructor sees fit when the course proceeds.

Topics
1. Introduction to Behavioral Economics & Nudge
2. Behavioral Economics of Risk
3. Behavioral Economics of Time
4. Social Preferences
5. Emotions
6. Bounded Rationality
7. Behavioral Welfare Economics
8. Behavioral Game Theory
9. Origins of Behavior: Neuroeconomics, Evolution, and Culture

TOPICS & READING MATERIALS

The topics are subject to change as the instructor sees fit when the course proceeds.

1. Introduction to Behavioral Economics & Nudge

- **What is behavioral economics?**
- **What better insight can we get from studying behavioral economics?**
- **Principles of (Behavioral) Economics**
- **Public Policy to combat error**

Reading:

Nudge, Ch. 1, 4, 5, 11

Cartwright(2024), Chapter 1, 11

Behavioral Economics the basics (Corr and Plagnol), Ch.1, 4, 6

Laibson, David, and John A. List. 2015. "Principles of (Behavioral) Economics." *American Economic Review*, 105 (5): 385-90. DOI: 10.1257/aer.p20151047

Dolan, Paul & Hallsworth, Michael & Halpern, David & King, D. & Metcalfe, R. & Vlaev, Ivo. (2012). "Influencing behavior: The mindspace way." *Journal of Economic Psychology*. 33. 264–277.

Johnson EJ, Goldstein D. Medicine. "Do defaults save lives?" *Science*. 2003 Nov 21;302(5649):1338-9. doi: 10.1126/science.1091721. PMID: 14631022.

Brigitte C. Madrian, Dennis F. Shea. "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior." *The Quarterly Journal of Economics*. Volume 116. Issue 4. November 2001, Pages 1149–1187

Banerjee, S., & John, P. (2021). "Nudge plus: Incorporating reflection into behavioral public policy." *Behavioural Public Policy*, 1-16.

Further reading:

Rabin, M. (2013). "An Approach to Incorporating Psychology into Economics," American Economic Review Papers and Proceedings, 103(3), 617-22.

DellaVigna, S. (2009). "Psychology and Economics: Evidence from the Field," Journal of Economic Literature, 47, 315-372.

Camerer, C. and G. Loewenstein (2004). "Behavioral Economics: Past, Present, Future," in Advances in Behavioral Economics, C. Camerer, G. Loewenstein, and M. Rabin, eds., Princeton University Press.

Rabin, M. (1998). "Psychology and Economics," Journal of Economic Literature, 36, 11-46.

2. Behavioral Economics of Risk

- **Prospect theory**
- **Loss aversion**
- **The endowment effect**
- **Probability weighting**
- **Fourfold patterns of choices under risk**
- **Applications of Prospect theory**

Reading:

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 1 Behavioral Economics of Risk, Uncertainty, and Ambiguity.*

Cartwright(2024), Chapter 3

Thinking Fast and Slow, Ch. 25-30

Nudge, Ch. 1

Behavioral Economics the basics (Corr and Plagnol), Ch.4

Further reading:

Kahneman, D. and A. Tversky, (1979) "Prospect Theory: An Analysis of Decision Under Risk," *Econometrica*, 47, 263-291.

Camerer, C., L. Babcock, G. Loewenstein, and R. Thaler (1997). "Labor Supply of New York City Cabdrivers: One Day at a Time," *Quarterly Journal of Economics*, 112, 407-443.

Barberis, Nicholas. "A Model of Casino Gambling." *Management Science* 58, no.1 (2012): 35-51.

3. Behavioral Economics of Time

3.1 Present Bias

- **Procrastination and Self-control**
- **Commitment Devices**
- **Experimental evidences and applications of Time Discounting**

Reading:

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 3 Behavioral Time Discounting*.

Cartwright(2024), Chapter 4

Nudge, Ch. 2, 6, 7

Further reading:

O'Donoghue, T. and M. Rabin (1999). "Doing it Now or Later," *American Economic Review*, 89, 103-124.

O'Donoghue, T. and M. Rabin (2001). "Choice and Procrastination," *Quarterly Journal of Economics*, 116, 121-160.

Laibson, D. (1997). "Golden Eggs and Hyperbolic Discounting," *Quarterly Journal of Economics*, 112, 443-477.

DellaVigna, S. and U. Malmendier (2006). "Paying Not to Go to the Gym," *American Economic Review*, 96(3), 694-719.

Gruber, J. and Mullainathan, S. (2005). "Do Cigarette Taxes Make Smokers Happier?" *Advances in Economic Analysis and Policy*, 5(1), Article 4.

Meier, S. and C. Sprenger (2010). "Present-Biased Preferences and Credit Card Borrowing," *American Economic Journal: Applied Economics*, 2(1), 193-210.

Shapiro, JM.(2005). Is there a daily discount rate? Evidence from the food stamp nutrition cycle. *Journal of Public Economics*, 89, 303-325.

3.2 Projection bias

Reading:

Loewenstein, G., T. O'Donoghue, and M. Rabin (2003). "Projection Bias in Predicting Future Utility," *Quarterly Journal of Economics*, 118, 1209-1248.

Conlin, M., T. O'Donoghue, and T. Vogelsang (2007). "Projection Bias in Catalog Orders," *American Economic Review*, 97(4), 1217-1249.

4. Social Preferences

- **The Evidence on Human Sociality**
- **Fairness**
- **Behavioral Political Economy**
- **Altruism**
- **Reciprocity**
- **Charity giving**
- **Human Morality and Social Identity**
- **Discrimination**

Reading:

Dhami, S. (2019). *Foundations of Behavioral Economic Analysis: Volume 2 Other-Regarding Preferences*.

Cartwright(2024), Chapter 7

Misbehaving, Ch. 14 – 15

Further reading:

Kahneman D, J. Knetsch, and R. Thaler (1986). "Fairness and the Assumptions of Economics," *Journal of Business*, 59, 285-300.

Fehr, Ernst, and Klaus M. Schmidt. "A Theory of Fairness, Competition, and Cooperation." *The Quarterly Journal of Economics*, vol. 114, no. 3, 1999, pp. 817–68.

Falk, Armin. "Gift Exchange in the Field." *Econometrica*, vol. 75, no. 5, 2007, pp. 1501–11.

DellaVigna, S., J. List, and U. Malmendier (2012). "Testing for Altruism and Social Pressure in Charitable Giving," *Quarterly Journal of Economics*, 127, 1-56.

Pope, Devin G., and Justin R. Sydnor. 2011. "Implementing Anti-discrimination Policies in Statistical Profiling Models." *American Economic Journal: Economic Policy*, 3 (3): 206–31. DOI: 10.1257/pol.3.3.206

Bertrand, Marianne, and Sendhil Mullainathan. 2004. "Are Emily and Greg More Employable Than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination." *American Economic Review*, 94 (4): 991–1013. DOI: 10.1257/0002828042002561

5. Emotions

- **Dual-Process theory**
- **Emotions and decision makings**
- **Anticipation and delay under certainty**
- **Fear and anxiety under uncertainty**
- **Happiness economics**

Reading

Dhami, S. (2020). ***Foundations of Behavioral Economic Analysis: Volume 7 Further Topics in Behavioral Economics***.

Behavioral Economics The Basics (Corr and Plagnol), Ch.4

Further reading:

Loewenstein, G., T. O'Donoghue, and S. Bhatia (2015). Modeling the interplay between affect and deliberation. *Decision* 2 (2), 55-81.

Lerner, J. S., Y. Li, P. Valdesolo, and K. S. Kassam (2015). Emotion and Decision Making. *Annual Review of Psychology* 66 (1), 799-823.

Benjamin, D., O. Heffetz, M. Kimball, and A. Rees-Jones (2012). "What Do You Think Would Make You Happier? What Do You Think You Would Choose?" *American Economic Review*, 102(5), 2083-2110.

6. Bounded Rationality

- **Heuristics and Biases**
- **Herbert Simon's approach to bounded rationality**
- **Limited Attention**
- **Mental Accounting**

Reading:

Dhami, S. (2020). ***Foundations of Behavioral Economic Analysis: Volume 5 Bounded Rationality.***

Cartwright(2024), Chapter 2

Tversky, A. and D. Kahneman(1974). "Judgement under uncertainty: Heuristics and Biases" *Science, New Series*, Vol. 185, No. 4157, pp. 1124-1131.

Chetty, R., A. Looney, and K. Kroft (2009). "Salience and Taxation: Theory and Evidence," *American Economic Review*, 99(4), 1145-1177.

Lacetera, N., D. Pope, and J. Sydnor (2012). "Heuristic Thinking and Limited Attention in the Car Market," *American Economic Review*, 102(5), 2206-2236

Pedro Bordalo, Nicola Gennaioli, Andrei Shleifer, Memory, Attention, and Choice, *The Quarterly Journal of Economics*, Volume 135, Issue 3, August 2020, Pages 1399–1442

Thaler, R.H. (1999), Mental accounting matters. *J. Behav. Decis. Making*, 12: 183-206.

7. Behavioral Welfare Economics

- **Soft paternalism**
- **Optimal sin tax**
- **Limited attention and tax elasticities**

Reading:

Dhami, S. (2020). ***Foundations of Behavioral Economic Analysis: Volume 7 Further Topics in Behavioral Economics***.

Sunstein, C. and R. Thaler (2003). "Libertarian Paternalism Is Not An Oxymoron." University of Chicago Law Review, 70, 1159-1202.

O'Donoghue, T. and M. Rabin (2003). "Studying Optimal Paternalism, Illustrated by a Model of Sin Taxes," American Economic Review (Papers and Proceedings), 93, 186-191.

O'Donoghue, T. and M. Rabin (2006). "Optimal Sin Taxes," Journal of Public Economics, 90(10-11), 1825-1849.

8. Behavioral Game Theory

- **Psychological game theory**
- **Correlated equilibrium and social norms**

Reading:

Dhami, S. (2019). ***Foundations of Behavioral Economic Analysis: Volume 4 Behavioral Game Theory***. Oxford University Press.

9. Origins of behavior

9.1 Neuroeconomics

- **Neuroeconomics of risky decision**
- **Pharmacoeconomics: an application to the social effects of oxytocin**

Reading:

Dhami, S. (2020). ***Foundations of Behavioral Economic Analysis: Volume 7 Further Topics in Behavioral Economics***.

9.2 Evolution and Culture

Reading: Cartwright(2024), Chapter 8

ACADEMIC CALENDAR & HOLIDAY SEMESTER 2/2024

Semester 2/2024 (January 20 – May 14, 2025)	
Add-drop period	January 20 – February 2, 2025 <i>(from 9.00 AM of January 20 to 10.30 PM of February 2).</i>
Tuition Fee Payment Period (Via TU Greats App)	January 20 – February 3, 2025 <i>(9 AM - 10.30 PM)</i>
<i>Makha Bucha Day *</i>	<i>February 12, 2025</i>
Mid-term Examination Period	March 9 – 16, 2025
Withdrawal period with "W" on record	February 3 – March 30, 2025 <i>(from 9.00 AM of February 3 to 10.30 PM of March 30).</i>
Special Withdrawal with "w" on record	March 31 – 2 May, 2025
<i>Substitution for Chakri Memorial Day*</i>	<i>April 7, 2025</i>
<i>Songkran Festival Day*</i>	<i>April 13 – 16, 2025</i>
Last day of class for Semester 2/2024	May 14, 2025
<i>Substitution for Visakha Bucha Day*</i>	<i>May 12, 2025</i>
Final exam period	May 16 - 30, 2025
Submitting Forms for Degree Conferral	January 20 – February 2, 2025

* Holiday, No classes during this period