

Introduction to behavioral and experimental economics

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Credit Value: 3

Main objective of the course is to understand human behavior beyond microeconomic theory. To do that, we will touch upon both experiments and theory. From the experimental side, we will study the most profound observations from the lab and the field, learn basic techniques how to create and evaluate your own experimental data. From the theoretical side, we will study basic theories that attempt to explain observed biases and learn how to extend the standard economic models to account for behavioral aspects.

Target audience includes following three groups:

- future practitioners from various fields whose job will involve studying and/or interacting with clients and customers, colleagues and employees (e.g. market analysts, strategy consultants, managers, lawyers),
- future academics who take this as a crash course in behavioral economics and plan to further advance in related fields,
- general audience that is interested in getting to know their own biases and heuristics.

The course content has three parts:

- introduction to standard microeconomic theory (topic 1) and aspects of human cognition and behavior that limit its application (topic 2),
- main behavioral theories and related experiments that tackle these limits of standard theory (topics 3-6),
- applications of these theories in economic subfields (topics 7-9).

Main topics:

1. Standard microeconomic theory: rationality, self-interest, etc.
2. Attention, heuristics and neuroeconomics
3. Behavioral decision theory: prospect theory, etc.
4. Behavioral game theory: cognitive hierarchy, obvious dominance
5. Other-regarding preferences
6. Intertemporal choice, hyperbolic discounting, addiction
7. Behavioral Industrial Organization
8. Behavioral Finance
9. Behavioral Mechanism Design