Behavioral Economics: Emerging Perspectives (ADEC 500201, ADGR 7740)  
James A. Woods S.J. College of Advancing Studies  
Boston College  
Spring, 2015

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100 McGuinn Hall  Office Hours: Before & After Class  
Thursday, Stokes Hall, 109S, 6:15 P.M. – 9:15P.M.

BOSTON COLLEGE MISSION STATEMENT:
Strengthened by more than a century and a half of dedication to academic excellence, Boston College commits itself to the highest standards of teaching and research in undergraduate, graduate, and professional programs and to the pursuit of a just society through its own accomplishments, the work of its faculty and staff, and the achievements of its graduates. It seeks both to advance its place among the finest universities and to bring to the company of its distinguished peers and to contemporary society the richness of the Catholic intellectual ideal of a mutually illuminating relationship between religious faith and free intellectual inquiry.

Boston College draws inspiration for its societal mission from its distinctive religious tradition. As a Catholic and Jesuit university, it is rooted in a world view that encounters God in all creation and through all human activity, especially in the search for the truth in every discipline, in the desire to learn and in the call to live justly together. In this spirit, the University regards the contribution to different religious traditions and value systems essential to the fullness of its intellectual life and to the continuous development of its distinctive intellectual heritage.

SUMMARY:
Why do people often behave in ways that are clearly not in their best interest? New research suggests that integrating an understanding of human behavior into more traditional economic models offers a fuller explanation of how behavior influences seemingly rational choices and suggests options to enhance decision making. The course explores procrastination, fairness, competition, investments, emerging technologies, career flexibility, obesity, family and divorce to explain outcomes and performance.

Through research, readings, class discussion, and case studies class participants develop an appreciation for the complexities, customs, and nuances of behavioral economics.

OBJECTIVES:
- To develop students’ ability to develop alternative solutions to life’s problems by examining many contemporary issues through the lens of an economic way of thinking
- To develop an understanding of the new economics of human behavior
- To develop an understanding of how contemporary economists see the contemporary landscape of social issues including:
  - status
  - fairness
  - character
  - economic systems
  - family
  - individual choices and opportunity cost
  - education
  - supply and demand
  - rationing
  - markets and market failure
  - environmental and property rights
  - individual life choices
  - discrimination
  - crime, punishment, and rights

TEXT & RELATED MATERIALS:
ISBN: 9780061353246  
ISBN: 9780070067097

Reserve Reading Materials:
From:

Beyond required web and text material it is important to follow the business press: W.S.J., Fortune, Business Week, etc. to keep up to date with course concepts.

ASSESSMENT:
A = 96, A- = 92, B+ = 88, B = 85, B- = 82, C+ = 78, etc. From 100 Points

Criteria for Evaluation
1. Preparation and Participation (+, - 10%) ▪ Text and course reading assignments completed prior to class meetings. Participants prepared to discuss chapter concepts and/or to participate with their teams on projects/presentations/assignments.

2. Exam (30%) ▪ A take-home essay and case question test is provided at the completion of the course.

3. Team Case Presentations (10%) ▪ Team presentations – complete with visuals and written summaries of the facts, issues, best alternatives, decision-making methods & criteria are undertaken on selected economics cases.
▪ Presentations are graded for both the professionalism evidenced on the presentation and for the technical content of the team’s analysis.

5. Individual Written Research/Thought Papers (50%) ▪ Class participants on individual research behavioral economics topics of interest undertake individual 1-2 page “Thought Papers” and 5 pages “Research Paper”.

Attendance and Participation Note:
Always come to class prepared to participate and aid fellow students on assigned team projects. More than two absences reduce one’s grade (5%-10% for each additional absence) and are not helpful to your team’s members.

Integrity of Scholarship:
“Honesty in all academic work is expected of every student. This means giving one’s own answers in all class/case work (or team’s effort). Written material is to be of the student’s original composition. Appropriate credit must be given for outside sources from which ideas, language, or quotations are derived. (Teams and individuals should footnote material derived from outside sources).
Methods:
Lecture, Case Study and Team Presentations, Submission of Thought Papers (Summary of Readings and Views on Assignment), Class Discussions, Take Home Final Exam

Course Assignments:
Each week students meet for two and one half hours and interact with the professor to review weekly readings and assignments. Reading in preparation for class involves roughly 2 hours per week in addition to class time. Weekly writing or case assignments will also involve an hour to two hours of work effort.

WCAS Grading System:
The undergraduate grading system consists of 12 categories: A (4.00), A- (3.67), excellent; B+ (3.33), B (3.00), B- (2.67), good; C+ (2.33), C (2.00), C- (1.67), satisfactory; D+ (1.33), D (1.00), D- (.67) passing but unsatisfactory; F (0); failure; I (0) incomplete; course dropped without notifying office; W (0) official withdrawal from course. The graduate grading system is A (4.00), A- (3.67), Excellent; B+ (3.33), B (3.00), good; B- (2.67), C (2.00) passing but not for degree credit; F (0), failure.

Grade Reports:
All students are required to log into the web through Agora to access their semester grades. Students must utilize their BC username and password to log on. If your username or password is not known, the Student Learning and Support Center in the O’Neill Library Computer Center will issue a new one. The SLSC requires a valid picture ID (a BC ID, driver’s license, or passport) to obtain your password.

Important Policies:

http://www.bc.edu/content/bc/schools/advstudies/guide/academicinteg.html

Written Work:
Graduate and undergraduate students are expected to prepare professional, polished written work. Written materials must be typed in the format required by your instructor. Cite literature appropriately, using APA, MLA, CLA format per instructors decision. Develop your thoughts fully, clearly, logically, and specifically. Proof read all materials to ensure the use of proper grammar, punctuation, and spelling. You are encouraged to make use of campus resources for refining writing skills as needed (http://www.bc.edu/libraries/help/tutoring.html).

Scholarship and academic Integrity:
It is expected that students will produce original work and cite references appropriately. Failure to reference properly is plagiarism. Scholastic dishonesty includes, but is not necessarily limited to, plagiarism, fabrication, facilitating academic dishonesty, cheating on examinations or assignments, and submitting the same paper or substantially similar papers to meet requirements of more than one course without seeking permission of all instructors concerned. Scholastic misconduct may also involve, but is not limited to acts that violate the rights of other students, such as depriving another student course materials or interfering with another student’s work. A grade of F will follow any act of academic dishonesty.
Request for Accommodations:

If you have a disability and will be requesting accommodations for this course, please register with either Dr. Kathy Duggan (dugganka@bc.edu) Associate Director of the Connors Family Learning Center (learning disabilities or AHD) or Dean Paulette Durrett, (paulette.durrett@bc.edu) , Assistant Dean for students with disabilities (all other disabilities). Advance notice and appropriate documentation are required for accommodations. For further information, you can locate disability resources on the web at: http://www.bc.edu/content/bc/libraries/help/tutoring/specialservices.html

Schedule: Behavioral Economics: Emerging Perspectives

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<th>Class</th>
<th>Topic</th>
<th>Assignment</th>
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<td>1. 1/15</td>
<td>Course Introductions</td>
<td>Thought Paper #1 for /</td>
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<td>- Expectations and Introductions</td>
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<td>- A (Mercifully) Brief History of Economics</td>
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<td>- An Introduction to Behavioral Economics</td>
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<td>- “Economics for the Real World”</td>
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<td>- Supply &amp; Demand, Equilibrium</td>
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<td>- Economic Paradoxes and Puzzles</td>
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<td>- There Is No Free Lunch</td>
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<td>- Marginal Costs and Benefits</td>
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<td>- Law of Unintended Consequences</td>
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TEXTS:

The New Economics of Human Behavior  
(Introduction, pp. 1 -12)

The Economics of Public Issues  
(Part I, pp. 1 - 28)

Becker, Gary S. & Becker, Guit N. The Economics of Life.  
(McGraw Hill, 1997)  
(Business Week Articles, pp. 1 – 33)

Reserve/Handouts:

Becker, Gary S. The Economic Approach to Human Behavior.  (U.
Chicago Press, 1976 & 1990). (Chapter 1 Speech, pp. 3 - 14.)


2. 1/22 Basics: The Economic Way of Thinking
   - Teams form for Cases
     - Concept Review: Aggregate Supply & Demand
     - Savings & Investment
     - Income Distribution
     - Opportunity Costs

Texts:

The New Economics of Human Behavior. (Chapter 5, pp. 77 – 91)

The Economics of Public Issues. (Part II, pp. 29 – 64)

Becker & Becker. The Economics of Life. (Human Capital and Schools, pp. 65 – 91)

Reserve/Handouts:

Frank, Robert & Cook, Philip. The Winner
Thought Paper #1 Assignment Due: 2-3 Pages reflections on Human Capital Theory and Inequality (5%)
Examination of Text Material for Research Paper (20%)
Teams Complete Preparation of Round 1 and 2 Cases : (5%)

3. 1/29  Team Case Presentations (with modifications)

**Foundations of Economic Analysis**
1. “Death by Bureaucrat”
2. “Supersize It”
3. “Flying the Friendly Skies?”

**Supply and Demand**
7. “All Fracked Up”
8. “Kidneys for Sale”
10. “Bankrupt Landlords”

Thought Paper #2 Assignment

**Texts:**

*The New Economics of Human Behavior.* (pp. 15 – 42, Discrimination and Immigration)

*The Economics of Life.* (Discrimination Articles, pp. 115 – 132/ and Immigration Articles, pp. 49 – 62 Individuals present Article Summaries to Class.)
Thought Paper 2: Discrimination and Inequality – Markets

4. 2/5 Equality, Fairness, Discrimination, and Immigration
   - 1992 Nobel Prize (Becker) – Economics of Discrimination +
   - Lecture: Behavioral Economics
   - Discrimination and Immigration
     - Controversial Views on Race, Gender, Religion and National Origin? Individual Presentation of Articles – Various Points of View & the Economic Perspective
   - EEO, AA, Civil Rights Law and Economics

Optional Article”


Texts

The Economics Of Life. (pp. 133 - 144)

The New Economics of Human Behavior. (pp. 43 – 58)

The Economics of Public Issues. Case 21. “Crime and Punishment” (pp. 136 – 140)

Reserve/Handouts:

Institutional Economics

Begin reading The Corrosion of Character
Select Research Topic and Submit in Writing ½ Page Overview = 10/6
5. 2/12
   Crime and Punishment
   - Correlation Analysis Review
   - Drug Addiction
   - Crime & Punishment
   - Risky Behavior (Aids, Crime, etc.)
   - Round 2: Team Cases Assigned

   Thought Paper #3 Assigned

   Texts:
   
   The New Economics Of Human Behavior
   (pp. 92 – 128).

   The Economics of Public Issues,
   (pp. 65 – 122)

   Reserve/Handout:

   - Continue reading Sennett, The Corrosion of Character

   - Teams begin case preparation

   - Thought Paper 3 Assignment: Crime and Punishment

6. 2/19
   Families and Religion
   - Thought Paper # 3 Due
   - Individual Research Paper Assignment: - Outline
   - Teams Present Cases on Rationing and Market Systems

   Text:

   Complete Reading Corrosion of Character

   Thought Paper # 4 TBA

7. 2/26
   Character Matters
   - Drift
   - Flexibility in a New Age (Drucker and Text)
- Risk, Failure, and Success
- Work Ethic
- Values: Argument for Social Responsibility and Business Ethics
- Economic Argument in Favor of Government Regulation
- Thought Paper #4 Due

**Text:**
Predictably Irrational
Ch. 1

**Reserve/Handout:**
Research Paper
Handout

Spring Vacation 3/5

8. 3/12 Economic Concepts
- Labor Supply
- Wage Structures
- Essays on the Wealth of Nations (Markets)
- Thought Paper #5 Due

**Text:**
Predictably Irrational
(Ch. 2, 3, 4)

9. 3/19 Economic Cases
- In class preparation
  Labor Markets
  # 11
  # 15
  Market Structures
  # 17
  Political Economy
  # 22
  # 23
  # 24

**Text:**
Predictably Irrational
(Ch. 5, 6)

**Handout:**
“How to Lecture”
“How to..Discussion”
10. 3/26 Economic Systems: Pros and Cons
   - Teams Prepare Chapters & Pizza

   Individual Research Papers Due

   Text:
   Irrational…7, 8, 9, 10, 11, 12, 13, 14, 15

11. 4/9 Behavioral Economics
    Handout of Final Exam
    Teams Present Chapters

    Take Home Exam

12. 4/16 Exam Review (Q & A)

13. 4/23 Course Wrap-up
    - Review: Key Concepts and Results
    - Paper Presentations
    - Completion of Final Exams

14. 4/30 Exam Part I

15. 5/7 Take Home Exam Part II: due December 5

   • Schedule will change based on class needs.