

ECON6110G - Behavioral Economics

Spring 2020/2021

Department of Economics

Hong Kong University of Science and Technology

Updated Feb 10, 2021

Lecture Time:	Feb 03 – Mar 24, 2021 We 09:30AM - 12:50PM
Venue:	Online: Zoom (until further notice, see more details below) Classroom: TBA
Course Website:	https://canvas.ust.hk/
Instructor:	LI, Xuan
Office:	LSK6042
Email/Phone:	xuanli@ust.hk / (852)2358-7597
Office Hours:	Friday 4:00-5:00pm, or by appointment OH meeting ID: 744 398 8553 (password: 9o668t)
Teaching Assistants:	ZHOU Weixuan
Office:	TBA
Email/Phone:	wzhouac@connect.ust.hk
Office Hours:	By appointment

1 Course Description

In this course, we emphasize the psychological evidence as the basis for sound economic analysis. We will also insist on the importance of neoclassical theory as a successful benchmark that you are required to know. This course has largely an empirical orientation, and I will present empirical papers drawn from a variety of fields (here in alphabetical order): asset pricing, corporate finance, consumption, development economics, environmental economics, health economics, industrial organization, labor economics, political economy, and public economics. Integrated with the research topics, you will also be trained in empirical techniques in data analysis.

2 Prerequisites

Students are required to pass *ECON 5130 Microeconomic Analysis* before taking this course. For exemptions, please contact the instructor.

3 Textbook

- “Psychology and Economics: Evidence from the Field” by Stefano DellaVigna (Journal of Economic Literature 2009) + reading list + lecture slides.

4 Course Website

All course materials and announcements will be posted on CANVAS: <http://canvas.ust.hk>. You should visit CANVAS frequently to receive the latest announcement, obtain class material and verify your personal grading record.

5 Online Teaching via Zoom

- Lectures and tutorials will be delivered online using Zoom until further notice. You can access Zoom via CANVAS (“Zoom Meeting” sidebar)
- Lecture meeting ID: 975 8487 3377 (password: 074777)
- Lectures on Zoom will be recorded, with links to download posted on CANVAS.
- [University Guidance](#) on Zoom for your reference. Please contact cchelp@ust.hk should you

need any technical help on using Zoom.

6 Examination and Assessment Scheme

Grades will be determined based on the following allocation:

- Problem sets (60%): 4 problem sets will be counted in grades (3 analytical problem sets, 1 empirical problem set)
- Final exam (35%): open-book exam
- Participation (5%): including both class attendance and active in-class and/or after-class communication

The instructor reserves the right to make small adjustments to final total grade score.

Problem sets:

- There will be 4 problem sets. 3 of them will be “analytical”, and designed to help you better understand the topics we cover in class. Another problem set will be an empirical problem set asking you to conduct guided data analysis. The preferred software for data analysis is Stata.
- You have to turn in your problem set answer on or before the deadline. Problem set submission would be done by uploading your answer through CANVAS. NO late submission will be accepted.
- You are encouraged to form study groups to work on the problem sets. If you submit as a group, please ask only ONE group member to submit a PDF file, with “HW_Title_Page” filled out and attached as the first page. For the analytical problem sets, you can form a group of at most 4 students (subject to change); for the empirical problem set, you can form a group of at most 2 students.
- Suggested solution will be posted on CANVAS. If you have any questions about the problem sets, feel free to seek help from the instructor or the TA.

Final Exam:

- The final exam is an open-book exam with a time limit.
- (Tentative) 9:00am- 12:00pm, March 27, 2021

Participation:

- Participation will be a combined assessment of class attendance and in-class participation. You are also welcome to discuss course materials and research ideas with during OHs or by appointment, and after-class communication might receive bonus points.

7 Academic Honesty and Integrity

Academic integrity and honesty are one of the key values of HKUST. Please read the information on academic integrity carefully. It is your responsibility to be familiarized with the Academic Honor Code and the content on the Academic Integrity website. The site address is <http://ugadmin.ust.hk/integrity/student-1.html>. The Code will be STRICTLY enforced. I will report any violation cases to the University without exception and punishment will be imposed accordingly.

8 Tentative Schedule

Lecture	Date	General Topic	Detailed Topics
1	3-Feb	Introduction	Textbook: DellaVigna (2009)
		Non-Standard Preferences	Reference Dependence (Part 1): model, housing, merger
2	10-Feb		Reference Dependence (Part 2): disposition effect, labor supply, tax compliance, sports, others
3	17-Feb		Present-Biased Preferences (Part 1): model, default effect, consumption of leisure goods
4	24-Feb		Present-Biased Preferences (Part 2): consumption of investment goods: homework, exercise, work effort
5	3-Mar		Social Preferences: altruism, inequity aversion, reciprocity
6	10-Mar		Social pressure, social norms and social signaling
		Non-Standard Beliefs	Overconfidence
7	17-Mar		Law of Small Numbers, Projection Bias
8	24-Mar	Non-Standard Decision Making	Attention, Menu Effects, Mental Accounting, Persuasion, Emotions, etc.