

Syllabus

Course title	PSYCHOLOGY AND ECONOMICS
Instructor	Marc Kaufmann
Email	kaufmannm@ceu.edu
Office hours	by appointment
Credits	4 US credits (8 ECTS credits)
Module	<i>(in which the course is offered)</i>
Term	Winter 2022-2023
Course level	PhD and Master's (MA Econ, MA EconPol, or similar)
Prerequisites	An advanced course in microeconomic theory, a course in statistics or basic data analysis
Course drop	

1. COURSE DESCRIPTION

Content.

This course consists of two complementary parts that we will alternate between. In the first and more traditional part, we will review psychological mechanisms and formal economic models built on them. The second part consists of each of you replicating an existing experiment from the literature.

The goal of the first part is to learn approaches for integrating a richer psychology into economic models. We will restrict ourselves to models that formalize some mechanism with substantial evidence in psychology (or related). We then review the most successful approaches on how to formalize these mechanisms, and we will review the evidence in the lab and field for the predictions of these models.

The goal of the second part is to learn how to run an economic experiment from start to finish: from reading the literature, to designing an experiment, to analysing and writing up the results. For this reason, the outcome will be a short replication paper, complete with summary of the original paper and the main design; running code for the experiment; small test data collected with the design from other students in the class; analysis of the test data, and write-up of the results. While the results will not be credible based on being collected on other class participants, this will allow you to prepare the whole experiment.

2. LEARNING OUTCOMES

Key outcomes. By the end of the course, students will be able to (most important outcomes first):

1. design and run simple economic experiments in [congame](#)
 - design, ethics approval, implementation, data collection, analysis, and write-up
2. perform basic data analysis in R
3. critically evaluate economic experiments in academic papers and interpret their results
4. communicate research in discussions, in writing, and in giving and receiving feedback

5. formalize and analyse common decision settings via preferences, beliefs, and biases

3. TEACHING METHOD AND LEARNING ACTIVITIES

The course will involve the following in-class activities (% indicates rough estimate of in-class time):

- Lectures (50-70%)
- Quizzes and exercises (10%)
- Small- and large-group activities (discussions, presentations) working on replication
 - learn how to code experiments in congame/conscript
 - learn how to perform basic statistical analyses in R
 - code, test, and debug replications; collect and data; write up results
 - provide and receive feedback

4. ASSESSMENT

- Short in-class quizzes and home-work exercises (**20 points**)
- Your own replication paper (**70 points**):
 - Preparation for in-class activities for the replication paper (10 points)
 - Evaluation of your paper based on three milestones (50 points)
 1. Choice of paper, summary of design and results in words, not code (10 points)
 2. Implementation (in code) of design (20 points)
 3. Collection and analysis of data from classmates (20 points)
 - Evaluation of your own and your teams replication papers (10 points)
- Your teams final replication paper score (**10 points**):
 - You will be **randomly** assigned into teams in week 3. You will not work on the same replication projects, but are supposed to ask for help and help each other out in your group
- Your feedback to other teams throughout the course (**20 points**)

I will provide details on the timeline of the replication and rubrics for the milestones in class.

There will not be a final exam nor a midterm.

Your total score will be out of 120 points. Your grade will be determined by your score out of 110, meaning that if you have 110 or more points, you are guaranteed an A. Given that it is the first time I do a replication project, I will not provide exact thresholds ex ante for grades.

5. TECHNICAL REQUIREMENTS

Have a laptop with git, R, and RStudio installed.

6. TOPIC OUTLINE AND SCHEDULE

The following outline is tentative, since we have to allow for the possibility that we need more or less time for the joint paper or some paper-specific topical session. Sessions focusing on our joint project are marked by (P).

Lectures on specific topics

The following is the maximum number of topics we will cover, roughly in this order. We may cover less in order to make more time for the replication project. In between these lectures we will have classes on the replication project if and when needed.

Session	Topics
1	Course overview; the replication; introduction to beliefs
2	Elicitation of Subjective Expectations
3	Social Preferences I: Distributional and Fairness Preferences
4	Social Preferences II: Moral wiggle room
5	Social Preferences III: Markets with socially responsible consumers
6	Social Preferences IV: Fairness in Markets
7	Present Bias I: Naiveté vs Sophistication
8	Present Bias II: Procrastination
9	Projection Bias
10	Applying models
11	Reference Dependence I: Loss Aversion
12	Reference Dependence II: The Reference Point
13	Narrow Bracketing I: Experimental Evidence
14	Narrow Bracketing II: Theory
15	Attention
16	Ego-Utility and Signaling

Classes for working on the replication

For the replication project, you will have to learn how to use congame/conscript, software I developed for running experiments, as well as learn some basic R to run simple regressions and visualizations. You are free to run regressions in Python or — if you insist — Stata, but I will not be able to provide much help.

The session topics are highly tentative, since we may need more coding sessions, or you may need help with different aspects that I am currently not anticipating.

Session	Topics
1	Introduction to conscript (for coding) and git (sharing code)

2	Implement simple survey; start replication project
3	Implement more advanced experiment
4	Pre-registration, research ethics, the replication crisis
5	Collect test data from your own team
6	Lecture on R for basic data analysis
7	Lecture on R for basic visualization
8	Feedback session, collect final test data

7. READING LIST

I will provide a reading list for further reading as we progress through the course. I will highlight some papers as required reading, which means that there may be quiz questions about them in class.

8. SHORT BIO OF THE INSTRUCTORS

Marc Kaufmann is Assistant Professor at CEU Department of Economics and Business. He graduated from Harvard University with a PhD in Economics in 2017. He also holds MMath from the University of Cambridge. Prof. Kaufmann does applied theory in what will soon be what was used to be known as behavioral economics. His current research projects center around projection bias and narrow bracketing, including experimentally measuring these biases, as well as exploring how they affect work decisions.