Syllabus

Department of Economics and Business
CENTRAL EUROPEAN UNIVERSITY

Course title	PSYCHOLOGY AND ECONOMICS
Instructor	Marc Kaufmann
Email	kaufmannm@ceu.edu
Office hours	by appointment
Credits	4 US credits (8 ECTS credits)
Module	**(***in which the course is offered)*
Term	Winter 2023-2024
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 us replicating Huber et al (2023), itself a meta-study of 45 different experiments each answering the question "Does competition affect moral behavior?"

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 (near) finish: from reading the literature, to designing an experiment, to analysing and writing up the results. For this reason, you will discuss and comment on the experiment in Huber et al (2023) (henceforth H23), implement the experiment, and reproduce the analysis of the existing experiment. If resources and time permit, we may even collect additional data. Along the way, we will discuss issues of replicability, interpretations of experimental results, and what we can and cannot learn from individual experiments.

2. LEARNING OUTCOMES

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

1. Run simple experiments in congame
2. Critically evaluate economic experiments in academic papers and interpret their results
3. Communicate research in discussions, in writing, and in giving and receiving feedback
4. 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 (maybe)
  - 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 (**40 points**)
- Score for replication project (**50 points**): details are being worked out
- Your feedback to others throughout the course (**20 points**)

I will provide details on the timeline of the replication project in class.

There will not be a final exam nor a midterm.

Your total score will be out of 110 points. Your grade will be determined by your score out of 100, meaning that if you have 100 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 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 expected 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	Present Bias I: Naiveté vs Sophistication
4	Present Bias II: Procrastination
5	Projection Bias
6	Motivated Reasoning I
7	Motivated Reasoning II
8	Social Preferences I: Distributional and Fairness Preferences
9	Social Preferences II: Moral wiggle room
10	Social Preferences III: Markets with socially responsible consumers
11	Social Preferences IV: Fairness in Markets
13	Narrow Bracketing I: Experimental Evidence
14	Narrow Bracketing II: Theory
15	Reference Dependence
16	Attention

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 topics for the replication will include working through Huber et al (2023); learning how to code simple surveys in conscript; discussing pre-registration and replicability; some basic R coding to reproduce the results from Huber et al (2023).

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.