Applied Behavioural Economics
Professor Michèle Belot
Half Credit course, Academic year 2019-20
2d teaching block

Description
The goal of this course is to review seminal contributions in behavioural economics with an applied angle. We will focus on five themes that have received considerable attention in behavioural economics over the last two decades. Most of the work has been inspired by experimental evidence (in the lab or in the field), which inspired new models that were in turn tested (in the field or in the lab) or used to design policy interventions. We will then also point to important future research avenues.

Syllabus

Basic concepts of behavioural economics

- Inter-temporal Decision Making:
  
  We will discuss behavioural anomalies in inter-temporal decision making (such as present bias) and models that have been proposed to reconcile the evidence. We will then move on to applications and policy instruments that have been designed to overcome these anomalies.


- Behavioural economics and the gender gap in labour outcomes
  
  We will discuss the seminal and more recent experimental work on gender gaps in labour market outcomes.


• Poverty and bounded rationality
We will discuss the recent and seminal work by Mullainathan and Shafir, proposing a causal link between poverty and cognitive function.
  
  o Mani, Mullainathan, Shafir and Zhao (2013), Poverty Impedes Cognitive Function, Science, Volume 341

• Pro-social preferences and morality
We will review basic models introducing pro-social preferences, i.e. non-selfish preferences; as well as discussing recent experimental evidence from the lab and the field, challenging basic models of pro-social preferences.
  
  
  
  • Andreoni, James, Justin M. Rao, and Hannah Trachtman, Avoiding the Ask: A Field Experiment on Altruism, Empathy, and Charitable Giving, Journal of Political Economy 2017 125:3, 625-653

• The Economics of (dis)honesty
Standard economic models would predict that if there is an incentive to lie, we should observe lying. However, and perhaps unsurprisingly, it appears that people do not always lie even when they have incentives to do so. We will review the experimental evidence documenting honest communication, discuss the various models that have been proposed to explain (the lack of) dishonesty.
  


**Evaluation**

Two choices of evaluation:

1. **Take-home exam format**: You will be asked to answer a set of questions related to the papers covered in the lectures (will include 5 questions, with the expectation of an answer of half a page for each)

2. **Research proposal format**: Develop own idea related to topic of the course (3-4 pages). The proposal should read like a grant application (motivation and context, research question, proposed work and possible policy relevance)