School of Economics and Finance

ECON 418

ST: THE ECONOMICS OF BEHAVIOUR AND BEHAVIOURAL ECONOMICS

Trimester One 2015

COURSE OUTLINE

Names and Contact Details
Professor Morris Altman
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Course Administrator:
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Trimester Dates
Teaching Period: Monday 2nd March – Friday 5th June
Study Period: Monday 8th June – Thursday 11th June
Examination Period: Friday 12th June – Wednesday 1st July (inclusive)

Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 13th March 2015.

2. The standard last date for withdrawal from this course is Friday 15th May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an ‘Application for Associate Dean’s Permission to Withdraw Late’ including supporting documentation. The application form is available from either of the Faculty’s Student Customer Service Desks or online.

Class Times and Room Numbers
Monday 08.30-12.20  RWW128

There will be six, four hour classes held in weeks 1, 3, 5, 6, 8 and 10. There will be a 2 hour mid-term test in week 6, and a final exam in the exam period.
Course Content

This course details the economics of behaviour and the importance of behavioural assumptions (and assumptions in general) for the analytical predictions of economic theory. This brings us to a discussion of the pioneering work of Milton Friedman on Methodology to an analysis of the utility maximizing framework of George Stigler and Gary Becker as this pertains to an understanding of economic theory and an understanding of the analytics of choice. This provides a lead to the alternative modelling frameworks developed in the works of Herbert Simon, Daniel Kahneman and Amos Tversky, Gerd Gigerenzer, Harvey Leibenstein, George Akerlof, Vernon Smith, Elinor Ostrom, Oliver Williamson, Frederick Hayek, and Douglass North and its implication for economic analysis. Some of this discussion relates to the issue of rationality in the decision making process and its effect on model building and public policy. This relates to the recent literature on nudging, animal spirits, and behavioural finance. One important component of this course relates to the importance of behavioural economics to the theory of the firm. This leads to a focus upon efficiency wage and x-efficiency theory and how this connects to an understanding of firm behaviour, economic predictions, and public policy. Also discussed in this course are issues related to behavioural finance, behavioural macro, culture and development, and the economics of ethics. We will also discuss aspects of experimental economics, which is an important area within the domain of behavioural economics.

The economics of behaviour has significant implications for public and private economic policy, ethics, and decision making which will be discussed in some detail in this course.

Course Learning Objectives

By the end of this course the student should be able to

1. Achieve a basic understand of behavioural economics
2. Gain an understanding of experimental economics
3. Understanding the implications of behavioural economics for public policy
4. Gain an understanding of economics research
5. Realise the importance of presenting and articulating ones ideas in a public forum

Course Delivery

The class will consist of a research paper & related class presentation (30%), research report (5%), mid-term examination (20%), and a final examination (45% of the total grade). All research papers and reports must be typed and available in electronic format.

Expected Workload

The ECON 418 is a 15-point course and on the basis of Victoria University of Wellington having designated one point = 10 hours work, expected work load would total 150 hours. This would involve attending the 2 hour lecture for 12 lectures per week for 12 teaching weeks, plus readings, completing assignment work with the preparation of research report and class presentation.

Group Work

No Group work.
Readings (required and available purchase at the university bookstore)

Other Readings (available purchase at the university bookstore)

On-line Reference

Good reference on-line dictionary: [http://www.sfb504.uni-mannheim.de/glossary/](http://www.sfb504.uni-mannheim.de/glossary/)

Books on 3-day loan in the commerce library:


Supplementary Readings (useful for research papers)
Selected readings from below will be required (TBA in class and/or blackboard)


Materials and Equipment
Any additional notes will be posted on Blackboard.
Assessment Requirements
Your final grade will be composed of
1. One 15 page or 4,500 word (maximum) research paper 30%

LAST WEEK OF CLASS
2. One 3 page research report on a selected scholarly articles.
   Date to be advised. 5%
3. A mid-term exam. April 20. 20%
4. A two hour final exam 45%
5. Students are required to present an outline or first draft of
   their paper in class. *Take note that plagiarism and other forms
   of academic dishonesty are reasons enough to fail this course.*

Note:
Your assessment work may also be used for quality assurance purposes, such as to assess the
level of achievement of learning objectives as required for accreditation and audit purposes. The
findings may be used to inform changes aimed at improving the quality of FCA programmes. All
material used for such processes will be treated as confidential, and the outcome will not affect
your grade for the course.

Examinations
Students who enrol in courses with examinations are obliged to attend an examination at the
University at any time during the formal examination period. The final examination for this
course will be scheduled at some time during the period from Friday 10 June – Saturday 2 July
2011.

Penalties
Late assignments will not be marked. If a satisfactory medical certificate is provided the weight
from the assignment will be shifted onto the other pieces of assessment; otherwise the
assignment score will be recorded as 0. There will be no mandatory course requirements.

Mandatory Requirements
Two hour final exam, plus a 15 page (maximum) research paper.

Class Representative
An overall class representative will be chosen to represent all SEF Honours classes

Communication of Additional Information
All course information will be available on Blackboard. Announcements will be posted.

Use of Turnitin
Student work provided for assessment in this course may be checked for academic integrity by
the electronic search engine [http://www.turnitin.com](http://www.turnitin.com) Turnitin is an on-line plagiarism prevention
tool which compares submitted work with a very large database of existing material. At the
discretion of the Head of School, handwritten work may be copy-typed by the School and subject
to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the
University for detection of future plagiarism, but access to the full text of submissions will not be
made available to any other party.
For the following important information follow the links provided:

**Academic Integrity and Plagiarism**
http://www.victoria.ac.nz/home/study/plagiarism.aspx

**General University Policies and Statutes**
Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study
Find out about academic progress and restricted enrolment at http://www.victoria.ac.nz/home/study/academic-progress.aspx
The University’s statutes and policies are available at www.victoria.ac.nz/home/about/policy, except qualification statutes, which are available via the Calendar webpage at http://www.victoria.ac.nz/home/study/calendar.aspx (See Section C).
Further information about the University’s academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

**AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**
http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

**Faculty of Commerce and Administration Offices**
http://www.victoria.ac.nz/fca/studenthelp/

**Manaaki Pihipihinga Programme**
http://www.victoria.ac.nz/st_services/mentoring/