**Course Title: Introduction to Behavioral and Experimental Economics Course Coordinator: Alexander S. Nesterov**

**Credit Value: 5 ECTS Contact hours: \_60\_**

**Runs in (2016/17): Semester \_1\_, Quarter \_1-2\_**

**Course Prerequisites: none**

**Open to exchange students: yes**

**At the end of the module you will have acquired:**

1. The ability to apply economic theory, models and empirical techniques to the analysis of decision making by individuals, health care providers and governments with respect to health and health care.
2. A critical awareness of the strengths and limitations of decision making and public policy in the context of health care.
3. A greater understanding of market failure, government failure and the policy options when both are prevalent.
4. An awareness of how ethical considerations become relevant in economic policy making.
5. An awareness and understanding of the full range of health ‘determinants’, including health care.
6. Skills of working critically with academic literature at the interface of theory and evidence.
7. Improved critical thinking and analytical skills.
8. Presentation, essay writing and problem solving skills.
9. Competence in independent research on selected topics

**Course Outline**

**Main objective of the course** is to understand human behavior beyond microeconomic theory. To do that, we will touch upon both experiments and theory. From the experimental side, we will study the most profound observations from the lab and the field, learn basic techniques how to create and evaluate your own experimental data. From the theoretical side, we will study basic theories that attempt to explain observed biases and learn how to extend the standard economic models to account for behavioral aspects.

**The course** has three parts:
– introduction to standard microeconomic theory (topic 1) and aspects of human cognition and behavior that limit its application (topic 2),
– main behavioral theories and related experiments that tackle these limits of standard theory (topics 3-6),
– applications of these theories in economic subfields (topics 7-9).

**Literature**There is no textbook for the course; the teaching is based on research papers. However, for the first part (standard microeconomic theory) the following textbook is helpful:
-- Varian, Hal R. Intermediate Microeconomics: A Modern Approach: Ninth International Student Edition. WW Norton & Company, 2014. (Chapters 3, 4, 5, 12, 27)

**Target audience** includes following three groups:
– future practitioners from various fields whose job will involve studying and/or interacting with clients and customers, colleagues and employees (e.g. market analysts, strategy consultants, managers, lawyers),
– future academics who take this as a crash course in behavioral economics and plan to further advance in related fields,
– general audience that is interested in getting to know their own biases and heuristics.

**Key competences** acquired in the course make a student able:

– to distinguish the standard rational agent behavior from the observed patterns,
– to identify behavioral biases in economically relevant situations,
– to describe the observed behavior using the established academic theories,
– to propose a falsifiable hypothesis w.r.t. a certain aspect of behavior, and an experiment to test it.

**Additional competences** acquired in the course make students able:
– to construct a mathematical model of an observed bias and solve it,
– to design and run an experiment.

**Assessment Methods**

**Assessment** is based on the final exam grade (60%), in-class participation (10%) and tests (10%), assignments (20%).

The written exam includes a question for each topic of the course and lasts 90 minutes. The maximal grade for the exam is 100 points.

The in-class participation is measured in terms of attendance and readiness, responding to questions, posing questions, etc. The maximal grade for the in-class participation is 10 points.

The tests are short quizzes and essays in the beginning of each class designed to test the understanding of the previous lecture. The maximal grade for the tests is 10 points.

The assignments are 2 homework problem sets. The assignments can be completed in groups up to 4 participants. The maximal grade for an assignment is 100 points.