

Syllabus

Behavioral and Digital Economics for Effective Management (BDEEM)

Course title	Behavioral and Experimental Economics
Teacher	François Cochard
shared course	No X Yes
Hourly volume	18
Evaluation methods	Written or oral final exam
Course summary	<p>This course presents the most important theories and hypotheses of behavioral economics, along with the main empirical method used to investigate these theories: experimental economics.</p> <p>The first part discusses the contribution of behavioral economics to traditional economics analysis. A short introduction to the philosophy of science is provided. A special focus is devoted to the differences between economics and psychology, which are the two roots of behavioral economics. The second part of the course presents the main behavioral theories: 1) the decision of an individual in isolation and in a deterministic setting, 2) individual decisions under risk and uncertainty, 3) decisions in interactions. In each of these chapters, the systematic biases of human decisions will be analyzed (e.g. loss avoidance, probability misperception, temporal inconstancy, etc.) and the most famous experiments will be presented.</p>
Skills	<p>At the end of the semester, students should be able to:</p> <ul style="list-style-type: none"> - Understand the advantages and drawbacks of introducing more realistic behavioral features into economic analysis. - Understand and formalize the main human biases and their consequences on important economic phenomena (e.g., resistance to change, financial bubbles and crashes, bank runs, efficiency wages, inefficient bargaining, wrong incentives, etc.). - Have a notion of what is a good experimental design and know the most famous types of experiments.

