SYLLABUS

Name of course	**BEHAVIORAL ECONOMICS FOR SUSTAINABLE DEVELOPMENT**
Code of course	
University	
Faculty	

GENERAL INFORMATION			
Degree level	Master		
Year of study		**Semester**	
Subject of study			
Language required for the course	English		
List of degree programs			

ACTIVITIES					
Number of credits, ECTS					
Lectures, hours		**Practices (laboratories, workshop), hours**		**Project, hours**	
Per week		**Per course**			

COURSE DESCRIPTION

The course will provide students with an understanding of how insights from behavioral economics can be used to tackle issues related to sustainable development. The course integrates the theoretical foundations of behavioral economics with its practical applications in a global context, focusing on policymaking and interventions for sustainable development.

Students will become familiar with the fundamental theories and concepts of behavioral economics, contrast them with classical economic theories, and examine their implications for the policy design and decision-making in various sectors. The course also provides insights in the form of case studies into how different countries leverage behavioral economics principles to address sustainability challenges.

AIM OF COURSE

The course aims to bridge the disciplines of behavioral economics and sustainable development, emphasizing the close interconnectedness of human behavior with sustainability outcomes. Students will gain a comprehensive overview of both the theoretical underpinnings and real-world applications of behavioral economics in the context of sustainable development challenges. The course clarifies the pathways through which behavioral insights can inform, enhance, and transform policymaking processes, and lead to more impactful sustainable development interventions. The holistic approach used in the course will ensure that students are prepared for real-world challenges and are able to promote a collaborative approach to achieve sustainable outcomes.

CONTENT

- ✓ Foundations of Behavioral Economics (Introduction and Overview)
- ✓ Expected Utility Theory and Prospect Theory
- ✓ Nudge Theory and Choice Architecture
- ✓ Heuristics and Behavioral Biases
- ✓ Intertemporal Choice
- ✓ Behavioral Game Theory
- ✓ Behavioral Economics in Policy Design
- ✓ Behavioral Economics and Environmental Decisions
- ✓ Behavioral Economics and Social Norms
- ✓ Global Perspectives in Behavioral Economics

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✓ Fairness and Social Preferences and Happiness
✓ Final Project

EVALUATIONS		
1	Weekly Assignments	*15%*
2	Midterm Exam	*20%*
3	Final Project	*40%*
4	Class Participation	*15%*

ASSESSMENT CRITERIA

The course's assessment is designed to holistically evaluate a student's grasp and application of the curriculum. Weekly assignments, making up 15% of the grade, ensure continuous engagement and comprehension of foundational concepts. A midterm exam, accounting for 20%, evaluates the theoretical and applied knowledge of the first half of the course. The final project, with a substantial weight of 40%, provides students with the opportunity to dive deep into a specific topic, and showcase their integration of theoretical knowledge and its practical application in sustainable development. Class participation, comprises 15%, aims to assess students' active involvement and critical engagement with the course material during lectures and discussions.

PRE-REQUIREMENTS FOR STUDENTS

✓ **Foundational Economics**: Basic understanding of microeconomics and macroeconomics concepts.
✓ **Quantitative Skills**: Proficiency in basic statistical methods and familiarity with tools like Excel or statistical software (e.g., SPSS, R).
✓ **Research Aptitude**: Experience or coursework in research methods, preferably in social sciences.

LEARNING OUTCOMES

Competencies:

✓ **Understand and Apply Fundamental Concepts -** Comprehend the foundational theories and concepts in behavioral economics and understand how they differ from and can be integrated with traditional economic theories.

✓ **Critically Analyze Behavioral Economics Interventions –** Critically evaluate real-world policy interventions that apply behavioral economics principles, recognizing the merits, limitations, and implications of such interventions.

✓ **Apply Behavioral Economics to Sustainable Development -** Utilize behavioral economics insights to analyze and propose solutions for various sustainable development challenges, focusing on the role of human behavior in these challenges.

✓ **Cultural and Global Perspective -** Understand how behavioral economic principles can vary across different cultural and national contexts, and how they can be globally applied to address sustainability issues.

Skills:

✓ **Design Behavioral Economics-Informed Policy -** Design policy proposals that leverage behavioral economics insights to promote sustainable development, demonstrating an understanding of behavioral insights in policy implementation and outcome assessment**.**

✓ **Gain Advanced Research Skills -** Conduct advanced independent research in behavioral economics, demonstrating a capacity for critical thinking, data interpretation, and academic writing.

- ✓ **Communication Skills -** Clearly and persuasively communicate complex behavioral economic concepts and research findings to both specialist and non-specialist audiences, in written and verbal forms.

LEARNING STRATEGIES

The pedagogical approach for this master's course is designed to foster a dynamic and interactive learning environment, using diverse learning styles and ensure advanced understanding of the subject:

- ✓ **Interactive Lectures & Discussions**: Instead of traditional passive lectures, instructors will adopt a more interactive style. Core concepts will be presented and students will be encouraged to question, discuss, and provide their insights,
- ✓ **Real-world Case Studies:** Emphasizing practical application, diverse global case studies will be dissected, focused on improving students' analytical skills and exposing them to the multifaceted implementations of behavioral insights.
- ✓ **Collaborative Projects & Simulations**: Students will engage in group projects, design of macro and micro policies based on behavioral insights and applications for the business sector, all of these predominantly applied to the sustainable development challenges.
- ✓ **Expert Seminars**: Industry professionals and researchers will be invited to occasionally share their experiences relevant for the course (behavioral economics and its intersection with sustainability).
- ✓ **Comprehensive Research**: Mandatory individual or group research assignments will to be accomplished by students to address the up to date problems, which can be tackled by behavioral approach.

RECOMMENDED SOURCES

Key references:

1. Allcott, H., & Mullainathan, S. (2010). Behavior and Energy Policy. Science, 327(5970), 1204–1205.
2. Ariely, D. (2010). Predictably Irrational, Revised and Expanded Edition: The Hidden Forces That Shape Our Decisions. Harper Perennial.
3. Camerer, C. F. (2003). Behavioral Game Theory: Experiments in Strategic Interaction. Princeton University Press.
4. Duflo, E., & Banerjee, A. (2011). Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. PublicAffairs.
5. Frank, R. H. (2018). The Economic Naturalist: In Search of Explanations for Everyday Enigmas. Basic Books.
6. Halpern, D. (2015). Inside the Nudge Unit: How Small Changes Can Make a Big Difference. Ebury Press.
7. Kahneman, D. (2013). Thinking, Fast and Slow. Farrar, Straus and Giroux.
8. List, J., & Gneezy, U. (2014). The Why Axis: Hidden Motives and the Undiscovered Economics of Everyday Life. Random House.
9. Mullainathan, S., & Shafir, E. (2013). Scarcity: Why Having Too Little Means So Much. Macmillan.
10. Ostrom, E. (1990). Governing the Commons: The Evolution of Institutions for Collective Action. Cambridge University Press.
11. Shafir, E. (2013). The Behavioral Foundations of Public Policy. Princeton University Press.
12. Thaler, R. H. (2016). Misbehaving: The Making of Behavioral Economics. W. W. Norton & Company.
13. Thaler, R. H., & Sunstein, C. R. (2008). Nudge: Improving Decisions about Health, Wealth, and Happiness. Yale University Press.
14. Tversky, A., & Kahneman, D. (1981). The Framing of Decisions and the Psychology of Choice. Science, 211(4481), 453-458.
15. Wilkinson, N., Klaes, M. (2012) An Introduction to Behavioral Economics. Palgrave Macmillan.
16. Shogren, J. F. (2012). WAEA Keynote Address Behavioral Environmental Economics: Money Pumps & Nudges. Journal of Agricultural and Resource Economics, 37(3), 349–360.

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17. Shogren, J. F., & Taylor, L. O. (2008). On Behavioral-Environmental Economics. Review of Environmental Economics and Policy, 2(1), 26–44

Suggested readings:

1. Camerer, C. (1999). Behavioral economics: Reunifying psychology and economics. Proceedings of the National Academy of Sciences, 96(19), 10575–10577. doi:10.1073/pnas.96.19.10575
2. Thaler, Richard H. (2016). Behavioral Economics: Past, Present, and Future. American Economic Review, 106(7), 1577–1600. doi:10.1257/aer.106.7.1577
3. Nikos Nikiforakis (2010).For the Students: Experimental Economics., 43(3), 337–345. doi:10.1111/j.1467-8462.2010.00607.x
4. Banerjee, A. V.; Cole, S.; Duflo, E.; Linden, L. (2007). Remedying Education: Evidence from Two Randomized Experiments in India. The Quarterly Journal of Economics, 122(3), 1235–1264. doi:10.1162/qjec.122.3.1235
5. Daniel Kahneman and Amos Tversky (1979). Prospect Theory: An Analysis of Decision under Risk. Econometrica, 47(2), 263–292. doi:10.2307/1914185
6. Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. Science, 185(4157), 1124–1131. https://doi.org/10.1126/science.185.4157.1124
7. Richard Thaler (1981). Some empirical evidence on dynamic inconsistency. , 8(3), 0–207. doi:10.1016/0165-1765(81)90067-7
8. Loewenstein, George F.; Prelec, Dražen (1993). Preferences for sequences of outcomes.. Psychological Review, 100(1), 91–108. doi:10.1037/0033-295x.100.1.91
9. Drazen Prelec; Duncan Simester (2001). Always Leave Home Without It: A Further Investigation of the Credit-Card Effect on Willingness to Pay. , 12(1), 5–12. doi:10.1023/a:1008196717017
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11. Dayan, E., & Bar-Hillel, M. (2011). Nudge to nobesity II: Menu positions influence food orders. Judgment and Decision Making, 6(4), 333–342.
12. Homonoff, Tatiana A. 2018. "Can Small Incentives Have Large Effects? The Impact of Taxes versus Bonuses on Disposable Bag Use." American Economic Journal: Economic Policy, 10 (4): 177-210.
13. Behavioural Insights Team: Applying Behavioural Insights to Charitable Giving, dostupné online https://www.bi.team/publications/applying- behavioural-insights-to-charitable-giving/
14. Ernst Fehr and Simon Gächter (2000). Cooperation and Punishment in Public Goods Experiments. The American Economic Review, 90(4), 980–994. doi:10.2307/117319
15. Fehr, Ernst; Gächter, Simon (2000). Fairness and Retaliation: The Economics of Reciprocity. Journal of Economic Perspectives, 14(3), 159–182. doi:10.1257/jep.14.3.159
16. Save More Tomorrow™: Using Behavioral Economics to Increase Employee Saving. Journal of Political Economy, 112(S1), S164– S187. doi:10.1086/380085
17. Applying Behavioral Insights to Improve Tax Collection : Experimental Evidence from Poland, dostupné online: https://openknowledge.worldbank.org/bitstream/handle/10986/27528/116046-WP-Tax-Collection-PUBLIC.pdf?sequence=1&isAllowed=y
18. Shlomo Benartzi and Richard H. Thaler (1995). Myopic Loss Aversion and the Equity Premium Puzzle. The Quarterly Journal of Economics, 110(1), 73–92. doi:10.2307/2118511
19. Hirshleifer, David A., Behavioral Finance (August 15, 2014). Available at SSRN: https://ssrn.com/abstract=2480892 or http://dx.doi.org/10.2139/ssrn.2480892

20. Banerjee, Abhijit V.; Duflo, Esther (2009). The Experimental Approach to Development Economics. Annual Review of Economics, 1(1), 151–178. doi:10.1146/annurev.economics.050708.143235

21. Bertrand, Marianne; Mullainathan, Sendhil; Shafir, Eldar (2004). A Behavioral-Economics View of Poverty. American Economic Review, 94(2), 419–423. doi:10.1257/0002828041302019

Selected internet sources:

https://www.behavioraleconomics.com/

https://www.reddit.com/r/BehavioralEconomics/

https://advanced-hindsight.com/

https://behavioralscientist.org/

https://danariely.com/

https://bppblog.com/

GROUP OF COURSE DEVELOPERS

Course Leader:

Board:

Date of approval the course