

# Behavioral Economics

Topic 0: Introduction to  
Behavioral Economics  
Lecture 1: Welcome

**Professor Bushong**



# Our Outline



- 1 About Me
- 2 Is This Course Right for You?
- 3 What Can You Expect?
- 4 How Will You Be Evaluated?
- 5 What Even Is Behavioral Economics?

# Here We Are



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Use those tools. But the most important tool remains me. (Ha, I'm a tool.)

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**My research:** I study a number of topics in psychology and economics, many of which we will cover this term.

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Success in *this course* often follows the slightly-more-modern credo of Ted Lasso:

Be curious, not judgmental

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This is good: economists shape policy more than other social sciences

... but bad in the sense that you will have to be open-minded to learning ideas through the lens of mathematics

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If you are concerned about this course, please come see me **soon**.

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(Writing assignment fulfills MSU requirement for Tier II writing)

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However, I reserve the right to **increase** grades.

- I'm aware that the course is hard. It's meant to be hard. If grades are the most important thing for you, I recommend (1) speaking with me; and (2) decide whether this is the right class for you. Success is very achievable in this course, but you'll have to work in a way that might be very new to some of you.

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**Return of the Please:** Ask questions in class. I get bored easily and the material is best understood by fully engaging with the subject matter.

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I will try to avoid asking questions that you won't know.

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My memory is bad and there are lots of you (but only one YOU)

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Despite my hard-assness in these intro slides: **I am here to help**. Those who seek help early and often will benefit.

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Every problem has a purpose. If you want to know why something is hard, ask me and I'll let you know why I'm forcing you to struggle through something.

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**My vow to you:** I care about you as a student and person and I'll try really f&%\$ing hard to make this course the most enjoyable and enriching of your college years.

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of standard economic analysis, but focus on introducing psychological factors often under-emphasized by economists.

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- Evidence from psychology casts doubt on all of these (and other) “standard” assumptions.

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No bright lines between these two fields!

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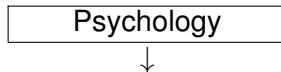
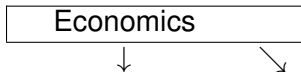
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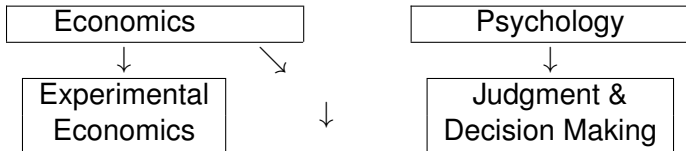


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  - But we will occasionally discuss implications of behavioral phenomena for how people make financial decisions.

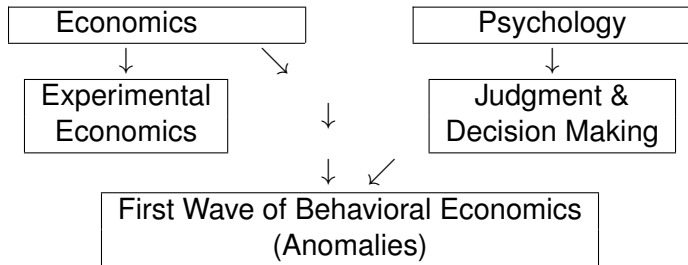
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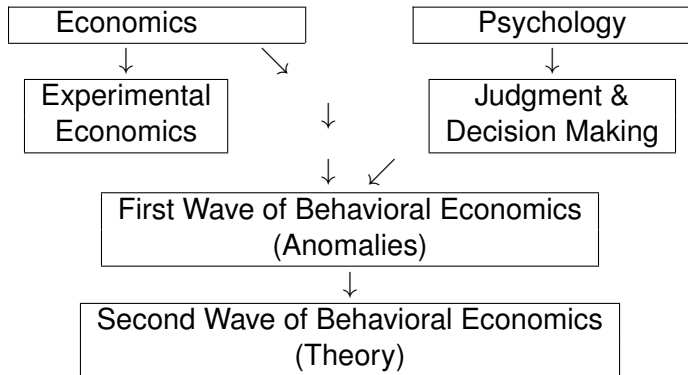
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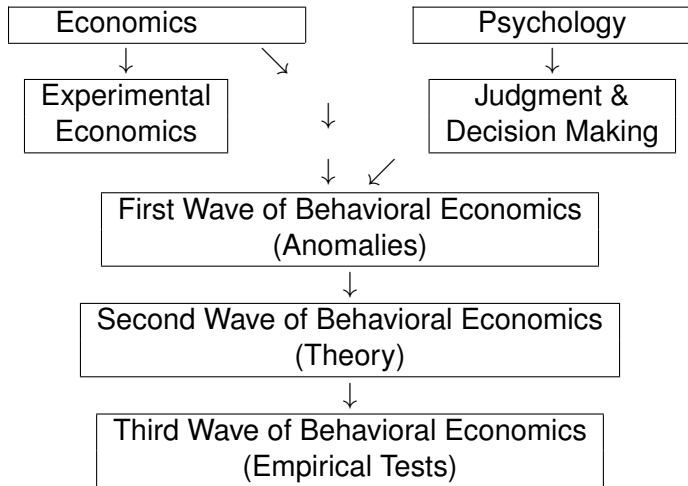
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# The Typical Arc for Each Topic



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- Discuss empirical tests of these predictions (when such tests exist).

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- Stage 3: Relate the results back to the field context — assess what we have learned, and robustness to different decisions at stage 1.

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- Given time constraints, this last topic will suffer.

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Two implicit features:

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- The preferences that we infer from choices can be used for welfare analysis (and policy analysis).