Behavioral Economics
Economics 4160: Fall 2025

Behavioral economics (also referred to as "psychology and economics") integrates insights from psychology into models of human behavior in economic and social contexts. In this class, we will examine foundational models of microeconomics, review the empirical evidence on how people systematically deviate from the classical assumptions in these models, introduce models of behavioral economics that help account for these deviations, and derive the implications of these new models.

While the course emphasizes psychologically informed economic theory, the core focus remains theoretical. The class material and assessments will concentrate on solving theoretical models (rather than analyzing data).

Contact Information: Kevin He, hekevin@econ.upenn.edu, office hours Fridays 10:15AM to noon in Perelman Center for Political Science and Economics (PCPSE) 506.

Teaching Assistant: Natacha Spitzer, nspitzer@sas.upenn.edu, office hours Tuesdays 9:00AM to 11:00AM in PCPSE 141.

Topics: (1) Choice theory and utility theory, (2) Risk and prospect theory, (3) Learning and biased beliefs, (4) Time preference and present bias, (5) Behavioral game theory and social preferences.

Prerequisites: Before enrolling in this class, you must have completed: (1) ECON 2100, (2) ECON 2300, and (3) either MATH 1080 or MATH 1410.

Logistics: We will meet on Mondays and Wednesdays from 10:15AM to 11:45AM in PCPSE 101. We also will use Ed Discussion as an asynchronous Q&A platform (link can be found on Canvas).

Assignments and Assessments:

- Problem sets (10% total). There will be around six problem sets. Problem sets will be graded coarsely ($\checkmark^+$, $\checkmark$, $\checkmark^-$, 0). The worst problem set score will be dropped.

- Exams (90% total): There will be three non-cumulative midterm exams during normal class time. Each midterm will count for 30% of the final course grade. **The dates of the three midterms are: October 6 (Monday), November 12 (Wednesday), and December 8 (Monday).** Make sure you don't have a conflict with any of these dates!

- There is no final exam for this class.

Textbooks: There are no required textbooks for this class. The main references are the lecture slides and the behavioral economics papers posted on Canvas. An optional textbook: *A Course in Behavioral Economics* (Third Edition) by Erik Angner.

AI Policy: Please indicate all collaborators and outside resources used in completing the problem sets (this includes AI). You are free to use AI in any way you want, as long as you learn the course material well (most of the grade comes from closed-book exams).

Course Policies: Courses taught in the Department of Economics are bound by a standardized set of department course policies that govern grading appeals, academic integrity, etc. Please see https://economics.sas.upenn.edu/undergraduate/course-information/course-policies.