

ECON 344: Behavioral Economics

Spring, 2025

Instructor: Foteini Tzachrista
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Course credit hours: 3 credits
Class hours: TTh 2:00 - 3:15 PM
Classroom: Academic & Residential Complex (ARC) 240

Drop-in hours: Th 3:30 - 4:30 (or by appt [here](#))
Office location: University Hall - Office 709

Course Description:

“However beautiful the strategy, you should occasionally look at the results”

– Sir Winston Churchill

Behavioral Economics studies deviations from the standard neoclassical model in terms of preferences, beliefs, learning, decision-making and market reactions to such deviations. In this class specifically, we will analyze the simplifying assumptions behind the standard economic models. We will introduce behavioral models that are based on psychologically realistic assumptions. Based on the theoretical models we will also discuss how these modified assumptions affect markets, management, and public policy. Empirical observations from the lab and the real world will also be discussed.

Learning Objectives:

By the end of this course, students should be able to:

1. Know the virtues and limitations of the rational actor model and its application to choice theory and the behavioral sciences.
2. Recognize biases and heuristics that affect human behavior.
3. Compare rational choice and behavioral models of decision making under risk and uncertainty.

4. Understand intertemporal decision making, the difficulties people have when making intertemporal choices and how to derive more accurate descriptive models.
5. Analyze games of strategic decision and how considerations of fairness, justice, reciprocity, trust and limited strategic thinking matter to people's performance in such games.
6. Ask meaningful questions with important potential answers, synthesize different ideas and theories within the behavioral sciences.
7. Relate behavioral models to "real-life" applications in personal finance, development economics, personnel economics, and self-control.

Prerequisites:

ECON 220 - Microeconomics: Theory and Applications or equivalent.

Course Website:

uic.blackboard.com - Announcements, the course syllabus, lecture slides, assignments, grades will be available on Blackboard.

Course Setup:

- **Recommended coursebooks:**

[* denotes books covered more thoroughly than others.]

* *A Course in Behavioral Economics* by Erik Angner. Macmillan International Higher Education. ISBN: 9781352010800 (A)

* *Markets, games, and strategic behavior: An introduction to experimental economics* by Charles Holt. Princeton University Press. ISBN: 9780691179247 (H)

* *Nudge: The Final Edition*, by Richard Thaler and Cass Sunstein ISBN: 978-0-14-313700-9 (TS)

* *Misbehaving: The making of behavioral economics*, by Richard Thaler. W. W. Norton. ISBN: 9780241951224 (M)

* *The Why Axis: Hidden Motives and the Undiscovered Economics of Everyday Life* by Uri Gneezy & John List. Public Affairs: New York 2013. ISBN: 9781610393119 (GL)

Other related work:

Thinking, Fast and Slow, by Daniel Kahneman.

Behavioral Economics, by Edward Cartwright.

Predictably Irrational, by Dan Ariely.

Economics 2.0, by Norbert Haring and Olaf Storbeck.

Animal Spirits, by George Akerlof and Robert Shiller.

Rational Choice in an Uncertain World: The Psychology of Judgment and Decision Making, by Reid Hastie and Robyn Dawes.

We will be using supplementary material, primarily published research articles. The assigned readings of every week will be posted on Blackboard.

- **Lectures:**

This course follows a traditional face-to-face format. Classes will be *recorded* through Echo360 but *not streamed live*. The recordings will be posted on Blackboard automatically. The instructor relies on the classroom technology to record classes. If technology fails, the classes will not be properly recorded and the instructor will not have a way of recovering the content. If students rely on the recordings being properly uploaded they are taking the risk of missing a class due to technology issues.

The course format could change at any time during the semester if campus health and safety guidelines pertaining to COVID-19 change. The typical activities in the face-to-face classroom will include engaging with me and your classmates in question and answer sessions, solving problems, taking exams, discussing major concepts and practicing difficult key concepts. The rest of the work in this course will occur online primarily on Blackboard. Online activities and in-class activities are designed to build on each other.

If you feel sick and/or you are diagnosed with COVID-19, please stay home. If you come in contact with someone that was sick with or without COVID-19, please stay home. To keep up with the material, you can and you are advised to read through the book chapters noted in the schedule, go through the slides, and reach out for (virtual) drop-in hours with me. If you get sick you are not required to inform me. If you decide to, I will not inform the class of your condition or trace your contacts with others in the class.

- **Attendance:**

Research shows that students who attend in-person classes perform better. So you are advised to attend classes in-person if circumstances allow.

During every lecture, you will be asked to complete short quizzes or surveys for attendance through Blackboard or traditional pen and paper forms. If you come across any technical difficulties you must inform the instructor right after class. *Students cannot make up these attendance forms outside of class time.* The **completion** of an in-class form, and **not** your grade, will count for **credit**.

10% of your grade will be determined by attendance. I am assuming that all of you do not want to miss class so I am giving you 10% or 10 points for attendance from the very first day of class. These 10 points are yours to keep! However, if you miss classes, attendance points will be deducted from that 10%. Each class counts for 0.4 points. **Attendance points will be updated within 10 days following the last class of each week.**

Exceptions:

- The first four absences are automatically excused.
- Disability Resource Center (DRC) registration indicates in the LOA that the student may miss classes due to disability reasons.

*Apart from the above exceptions, if you miss a class, it does not matter whether your absence is excused or not. In **any case** you will have to make up attendance by completing the extra credit assignments.*

- **Drop-in Hours:**

Drop by my office for questions about the material, assignments etc. *I will try my best to help!* Drop-in hours are **dedicated times** for you, use them for your **benefit!**

I will hold drop-in hours in my office or virtually upon request. You can request an appointment with me through the foteini.youcanbook.me link. No need to email me unless you need any special accommodations. When online, drop-in hours will not be recorded.

- **Slides:**

Slides will be uploaded on Blackboard. If the slides change during the week as we progress through the material, they will be updated. The slides will not include all of the examples we cover in class, the solutions to those examples and our discussions on the material.

- **Weekly quizzes:**

Every week or so there will be a quiz posted on Blackboard. Throughout the semester, there will be 11 weekly quizzes in total. Every quiz will consist of about 20 questions. You will have 2 attempts per quiz. The quizzes have no time constraints. The purpose of quizzes is to get more practice and become more familiar with the material. For your weekly quizzes you can work in teams with open books, notes etc.

- **Deadlines:** All quizzes have two deadlines: a soft one (Fridays, midnight) and a hard one (the following Monday, midnight). The soft deadlines of all quizzes are indicated on the class schedule down below. All deadlines are subject to change as announced in class. Students who submit their work by the early soft deadline will receive extra credit. **Extra credit points will be updated within 10 days after the hard deadline of a quiz.**

It is your responsibility to make sure that you submit your answers before the deadline and time and that you take the quizzes on a reliable computer with a strong internet connection to avoid any issues.

- **Missed quizzes:** The lowest quiz grade will be dropped (at the end of the semester) to accommodate unforeseen events that may disrupt your ability to complete a quiz. You are advised to start quizzes as soon as possible because you never know what could come up. Use the extra opportunity for emergency only.

Answers will be posted by the instructor **after** the hard deadline of each quiz for review purposes, therefore, there will be no make-ups for any reason after the quiz (hard) deadlines.

You can make-up quizzes through extra-credit opportunities listed below.

- **Exams:**

There will be two on-campus exams. Each exam will test the material that was taught up until the week prior to the exam. The material of any given exam may change at the instructor's discretion. Please arrive on time for exams otherwise you will have less time to complete them. There will not be a final exam.

Make-up exams are only granted under extreme circumstances, such as serious injuries, illness, or a death in the family. In such cases, students must provide legitimate documentation within a week of the exam date. Make-up exams are typically administered as in-person oral exams or more challenging written, in-person examinations.

- **Missed exams:** There will be no make-ups for missed exams except in extreme conditions (injuries/accidents, illness, or death in the family). In any of these cases, please inform me as soon as reasonably possible, AND provide original legitimate supporting documents (within one week). Otherwise you are risking receiving zero points for the exam.

- **Practice exams:**

Prior to the exams, you will be given a practice exam that you can complete for extra credit. While practice exams will resemble the exams, they will not be exactly the same or similar with different numbers. You have to turn in your solutions in-person at the start of class. You can turn in a practice exam before the dedicated deadline in-person but not after.

- **Final project:**

You will have to complete a class project that replaces the final in this course. You will work on the final project in two phases. All deadlines are included in the class schedule down below.

You can work in teams of maximum 3 people, **if you desire to**. If you decide to form a team you need to let me know by filling in the team rubric for each teammate. In the team rubric you have to provide feedback on your collaboration that will be taken into consideration for each team member's individual grade. Rubrics of how you will be graded for each phase will be given to you along with a detailed description of each task at hand.

- **Missed or late projects:** The class project is announced very early on. You are required to submit the class project by the deadline. If you fail to do so you will receive a 5% penalty for every day you delay the submission.

- **Course Communication:**

My preferred methods of communication from the most to the least preferred are (1) before, during and after class, (2) during drop-in hours (virtually or in-person), (3) via email or (4) via the class [GroupMe](#) chat.

I will communicate with you mainly through announcements on Blackboard whenever necessary. If there is any other information I think is important, I will send it to the email address you have on Blackboard. It is your responsibility to ensure that your email account works properly in order to receive email.

Here is how you can check your primary email address on Blackboard:

- Access uic.blackboard.com
- Click your name on the main Blackboard navigation panel on the left
- Review your email address. By default, Blackboard uses your university-issued email address.

More information about your primary email [here](#).

Grading:

You can earn a total of 100 points. Grades are based on the following items:

- *Attendance:*
10% or 10 points in total. Each class counts for 0.4 points. You can miss up to 4 classes without any consequence on your grade.
- *Quizzes:*
20% or 20 points in total. The lowest quiz grade will be dropped. Each of the other 10 graded quizzes will be worth 2 points each.
- *Exams:*
 - *Exam 1:* 20% or 20 points
 - *Exam 2:* 20% or 20 points
- *Final Project:*
 - *Phase 1:* 10% or 10 points
 - *Phase 2:* 20% or 20 points
- *Extra credit:*
 - *Quiz soft deadline submission:* If you submit a quiz by the Friday (soft) deadline you can earn 0.2 points of extra credit.
 - *Practice Exams:* up to 1 bonus point on your total grade for completing each practice exam. The exact amount you will earn depends on your performance. For example, if you answer correctly half of the first practice exam you will receive 0.5 points in your total grade.
 - *Course Evaluation:* 1 bonus point on your total grade if 80% of the class completes the class evaluation at the end of the term.
- **Anticipated Grading Scale:**

The final score from the above elements will determine the letter grade based on the following scale:

- A 90-100
- B 80-89
- C 70-79
- D 60-69
- F 0-59

There will be no changes to the grading scale. Grades will be rounded to the nearest whole number and NOT up to the next whole number. This means that 89.5% will be rounded to 90% but 89.4% will be rounded to 89%. There will NOT be ANY CURVING in this class.

Technology Requirements:

To participate in learning activities and complete assignments, you will need:

- Access to a working computer that has a current operating system with updates installed;
- Reliable internet access and a UIC email account;
- A current Internet browser that is compatible with Blackboard (Mozilla Firefox and Google Chrome are the recommended browsers for Blackboard);
- Any PDF reader that you might want to use to view material and enough storage space if you opt to save the class material.

Minimal Technical Skills Needed

Minimal technical skills are needed in this course. Most course work will be completed and submitted on Blackboard. Therefore, you must have consistent and reliable access to a computer and the internet. The minimal technical skills you have include the ability to:

- Organize and save electronic files;
- Use UIC email and attached files;
- Check email and Blackboard daily;
- Locate information with a browser; and
- Use Blackboard.

Accommodations:

1. Disability Services:

UIC is committed to full inclusion and participation of people with disabilities in all aspects of university life. If you face or anticipate disability-related barriers while at UIC, please connect with the Disability Resource Center (DRC) at [drc.uic.edu](mailto:drc@uic.edu), via email at drc@uic.edu, or call (312) 413-2183 to create a plan for reasonable accommodations. In order to receive accommodations, you will need to disclose the disability to the DRC, complete an interactive registration process with the DRC, and provide me with a Letter of Accommodation (LOA). Upon receipt of a LOA, I will gladly work with you and the DRC to implement approved accommodations.

2. Religious Observances:

Students who wish to observe a religious holiday that conflicts with required coursework shall notify the instructor within the first two weeks of the semester. I will make every reasonable effort to honor the request. [See the Office of Access and Equity for details about UIC's policy on Religious Accommodations.](#)

3. **Technical Support:** Due to COVID the University has set up free Virtual Computer Labs. You can find out how to access a Virtual Lab here: <https://help.uillinois.edu/TDClient/37/uic/Requests/ServiceDet?ID=462&SIDs=206>.

For all technical questions about Blackboard, email the CATE Learning Technology Solutions team at LTS@uic.edu.

4. **Writing Center:**

The UIC [Writing Center](#), located in 105 Grant Hall, offers free one-on-one tutoring for writing. You can work on writing for this or any other course, or other writing, such as resumes or personal statements.

The Center opens Tuesday, January 16. You will be able to schedule appointments in-person or online at <https://uic.mywconline.com/>.

What to expect when you visit?

- You and the tutor will have a friendly, back-and-forth conversation about your writing.
- Together, you will decide what is most important to focus on for your 50-minute appointment.
- It's OK to come with no writing! Tutors will help you get started. Wherever you are in the process, they will help you take the next step.
- Your tutor will send you a follow-up letter summarizing the work you did together, including what you both decided would be next steps in your draft.
- Tutors will provide options, examples, and share what they've learned from their own writing experience. Final decisions about changes in the assignment remain with you, the author.

For more info, see the Writing Center website: <https://uic.mywconline.com/>.

Email the supervisors at wconlinehelp@gmail.com

Call when they are open: 312-413-2206

5. **UIC Library:**

The [UIC Library](#) is located both on east and west campus, provides access to resources, study rooms, and research support both online via chat and in person. At Daley Library on the east side of campus, stop by the reference desk in the IDEA Commons, or make an appointment for research help on either side of campus. Learn more about library policies at <http://library.uic.edu/>. To find research materials in specific subject areas view the Research Guides at <http://researchguides.uic.edu/>. Note that a health check is required before you'll be able to enter the library buildings during the COVID-19 pandemic.

6. **Academic Center for Excellence:**

The [Academic Center for Excellence \(ACE\)](#) can help if you feel you need more individualized instruction in reading and/or writing, study skills, time management, etc. Please call (312) 413-0031 or visit <https://ace.uic.edu/> for more information.

7. Counseling Services:

Counseling Services are available for all UIC students. You may seek free and confidential services from the Counseling Center at <https://counseling.uic.edu/>. The Counseling Center is located in the Student Services Building; you may contact them at (312) 996-3490 during normal business hours (M-F, 9 am - 5 pm). If calling after hours, press 2 to be connected to a crisis counselor. In addition to offering counseling services, the Counseling Center also operates the InTouch Crisis Hotline from 6:00 p.m.-10:30 p.m. They offer support and referrals to callers, as well as telephone crisis interventions; please call (312) 996-5535.

8. Campus Advocacy Network:

The **Campus Advocacy Network** provides information and offers resources to all UIC students, faculty, and staff. Under the Title IX law you have the right to an education that is free from any form of gender-based violence and discrimination. Crimes of sexual assault, domestic violence, sexual harassment, and stalking are against the law and can be prevented. For more information or for confidential victim-services and advocacy, contact UIC's Campus Advocacy Network at 312-413-1025 or visit <http://can.uic.edu/>. To make a report to UIC's Title IX office, email TitleIX@uic.edu or call (312) 996-5657.

9. Campus Security:

As a UIC student, you've chosen to live in one of the nation's largest cities. But, as at any university, crime is a reality. At UIC, we are strongly committed to our public safety programs, and we encourage students to be proactive in learning what programs and services are available in case of an emergency. You are **DISCOURAGED** from staying in university buildings alone, including lab rooms, after hours and are **ENCOURAGED** to use the **POLICE/STUDENT** patrol escort if you are uncomfortable traveling anywhere on campus. You may request an escort to accompany you to your campus destination on foot by calling (312)996-2830, and between 11:00 pm and 7:00 am you can dial the Red Car service (312)996-6800 if you are alone and need to leave the building. Through Red Car, the university has established a safe evening transportation service for university employees, students, visitors, and other authorized individuals. The car travels between university facilities within the following general boundaries: Clinton Street on the east; Western Avenue on the west; Jackson Boulevard on the north; and, 16th on the south. This service is available only to individuals possessing a valid UIC i-card. The i-card is required to ensure the safety of the driver and other passengers. Navigate to Life at UIC (<https://www.uic.edu/life-at-uic/>) for more information.

Also, you can download the UIC SAFE app, a free personal security tool for students, faculty, and staff. It allows you easy contact with dispatchers and first responders in case of emergency. Navigate to the UIC SAFE Toolkit to download the app: <https://ready.uic.edu/digital-materials/uic-safe-app/>.

Finally, by dialing 5-5555 from a campus phone, you can summon Police or Fire for any on-campus emergency. You may also set up the complete number, (312)355-5555, on speed-dial on your cell phone.

Course and University Policies:

1. Diversity, Equity and Inclusion:

UIC values diversity and inclusion. Regardless of age, disability, ethnicity, race, gender, gender identity, sexual orientation, socioeconomic status, geographic background, religion, political ideology, language, or culture, we expect all members of this class to contribute to a respectful, welcoming, and inclusive environment for every other member of our class. If there are aspects of the instruction or design of this course that result in barriers to your inclusion, engagement, accurate assessment or achievement, please notify me as soon as possible.

Every student in this class comes from a different background. My biggest goal in this class is to provide an atmosphere of learning that is representative of a variety of perspectives. The discipline of Economics would be heavily deprived in the absence of diverse opinions. Questioning is a big part of learning so any questions and concerns are welcomed. Good discussions can be energetic and passionate but are neither abusive nor offensive. I am also committed to ensuring course accessibility for all students. If you need any special accommodations please notify me at least one week before accommodation is needed.

2. Community Agreement: Ground Rules for a Safe/Brave Space

- Be present! Use technology only for classroom purposes and remove yourself from other distractions. No headphones please!
- Be respectful.
- Assume good will.
- Challenge with care - approach discussion as a “think out loud”.
- Take space/make space.
- Identities stay, learning leaves.
- Try not to make assumptions, seek to understand, not to judge.
- Be open to challenges as an opportunity to learn something new.
- Be open to different perspectives.
- Debate the concepts not the person.
- Be flexible when things don’t work.
- Share helpful tips.
- Use preferred names and gender pronouns.
- No side conversations.
- Be willing to work together.

3. Content Notice:

At times, the content and discussion in this course will include examples of racism, sexism, addiction and mental health. Much of it can be emotionally and intellectually challenging to engage with. I will flag especially graphic or intense content that discusses or represents such topics and will do my best to make this classroom a space where we can engage bravely, empathetically and thoughtfully with such difficult content.

4. Title IX and Gendered Pronouns [credit to Dr. David Moscovitz]

This course affirms equality and respect for all gendered identities and expressions. Please don't hesitate to correct me regarding your preferred gender pronoun and/or name if different from what is indicated on the official class roster. Likewise, I am committed to nurturing an environment free from discrimination and harassment. Consistent with Title IX policy, please be aware that I as a responsible employee am obligated to report information that you provide to me about a situation involving sexual harassment or assault.

5. Copyright and the use of course materials:

Please protect the integrity of all course materials and content. By enrolling in this course, you agree to honor this request. Be mindful of the hard work and time that instructors put into creating course materials such as exam and quiz questions, lecture videos, and reading materials. Please do not upload course materials not created by you onto third-party websites or share content with anyone who is not enrolled in our course. I am grateful for your cooperation in honoring this important request.

6. Computers and Other Electronic Devices:

The use of electronic devices is permitted in class only for taking notes and only in the back rows so other students are not distracted. Headphones are not allowed during class.

7. Academic Integrity:

This course and its associated coursework are being administered under the policies of the University of Illinois at Chicago (UIC) Honor Code. All students are expected to respect and uphold this code. You are responsible for knowing and following the Student Disciplinary Policy at the UIC. See <https://dos.uic.edu/community-standards/academic-integrity/>. Cheating, plagiarizing, and other misconduct as discussed in the policy will result in a failing grade and/or dismissal from the University.

Schedule:

The schedule is tentative and subject to change. An updated schedule will be posted on Blackboard in case there are any changes. You can use the schedule as a study guide before each exam, and at the end of the semester. This is NOT an exhaustive list of all the topics covered in class.

Only the soft deadlines for quizzes are indicated on this schedule. Practice exams are extra credit assignments indicated with an asterisk *.

Module Week: Dates	Topic	References	Assignments & Exam dates
Week 1: 01/13 - 01/17	Introduction to behavioral economics & experiments	A Chapter 1, GL Introduction, TS Introduction	
Week 2: 01/20 - 01/24	Rational choice under certainty	A Chapter 2, GL Chapter 10, TS Chapter 1 & 13	Quiz 1: Deadline 01/24 , end of the day
Week 3: 01/27 - 01/31	Irrational choice under certainty	A Chapter 3, GL Chapter 9, TS Chapter 1 & 5	Quiz 2: Deadline 01/31 , end of the day
Week 4: 02/03 - 02/07	Probability judgment	A Chapter 4, GL Chapter 2, TS Chapter 1 & 2	Quiz 3: Deadline 02/07 , end of the day
Week 5: 02/10 - 02/14	Judgment under risk	A Chapter 5, GL Chapter 4, TS Chapter 1& 2	Quiz 4: Deadline 02/14 , end of the day
Week 6: 02/17 - 02/21	Rational choice under uncertainty	A Chapter 6, GL Chapter 5, TS Chapter 12	Quiz 5: Deadline 02/21 , end of the day
Week 7: 02/24 - 02/28	Decision making under uncertainty	A Chapter 7, GL Chapter 6	Quiz 6: Deadline 02/28 , end of the day
Week 8: 03/03 - 03/07	Experimental design for choice under risk	H Chapter 3-6	Quiz 7: Deadline 03/07 , end of the day
Week 9: 03/10 - 03/14	Recap (03/11) & Exam 1 (03/13)		*Practice Exam 1 - Deadline: 03/11, in class
Week 10: 03/17 - 03/21	Rational intertemporal choice	A Chapter 8, GL Chapter 7, TS Chapter 9	Final project - phase 1: Deadline 03/21 , end of the day
Week 11: 03/24 - 03/28	03/24 - 03/28 Spring break. No classes.		Quiz 8: Deadline 03/28 , end of the day
Week 12: 03/31 - 04/04	Behavioral intertemporal choice	A Chapter 9, GL Chapter 8, TS Chapter 11	Quiz 9: Deadline 04/04 , end of the day
Week 13: 04/07 - 04/11	Analytical game theory	A Chapter 10, GL Chapter 10, TS Chapter 12	Quiz 10: Deadline 04/11 , end of the day
Week 14: 04/14 - 04/18	Behavioral game theory	A Chapter 11, GL Chapter 11, TS Chapter 10 & 4	Quiz 11: Deadline 04/18 , end of the day
Week 15: 04/21 - 04/25	Experiments & Recap for exam 2	H Chapter 8-11 & 15-17	*Practice Exam 2 - Deadline 04/24, in class
Week 16: 04/28 - 05/02	Exam 2 (04/29) & Recap - final project phase 2 expectations (05/01)		
Week 17: 05/05 - 05/09	Final project - phase 2 submission deadline: 05/07 at 5:30 PM (in place of the final)		