

**14.160: Behavioral Economics**  
**Syllabus – Spring 2022**  
**Tuesdays and Thursdays, 5:30 pm to 7 pm**  
**E51-376**

**Instructors:**

Frank Schilbach, E52-560

Email: fschilb@mit.edu

Office hours: Sign up at <http://economics.mit.edu/faculty/fschilb/office>

Hunt Allcott

Email: allcott@gmail.com

Office hours: Email me to set up a time. (After class often works well.)

**Graduate Teaching Assistant:**

Pierre-Luc Vautrey

Email: vautrey@mit.edu

Recitation: Fridays 11 am to noon EST

Office hours: Tuesdays 4pm to 5pm EST, *please email at least 12 hours in advance*

**Course overview:**

This class covers recent topics in behavioral economics, with an emphasis on applications to other fields of economics. Topics include deviations from the standard neoclassical model in terms of (i) preferences (time and risk preferences, reference dependence, and social preferences), (ii) beliefs and learning (overconfidence, projection bias, and attribution bias), and (iii) decision-making (cognition, attention, framing, and persuasion), as well as (iv) market reactions to such deviations. Applications will cover a wide range of fields, including labor and public economics, industrial organization, health economics, household finance, political economy, and development economics.

The main course objectives are as follows:

- 1) Obtain exposure to the frontier of theoretical and empirical research in behavioral economics
- 2) Learn how to critically assess a rapidly evolving literature and how to develop novel ideas that contribute to it
- 3) Learn how to test (behavioral) economic theory using field experiments and non-experimental data
- 4) Develop and present a research proposal, as well as give feedback to others

The course is designed for **first- and second-year PhD students in economics**. It is meant to help launch students into conducting research in behavioral economics, or to incorporate behavioral economics into their research in other fields. It is complementary to 14.137 (Psychology and Economics) taught by Prof. Drazen Prelec. 14.137 focuses on the underlying psychology of many of the topics discussed in 14.160, and it covers recent advances in neuroeconomics. PhD students in the economics department may combine 14.137 and 14.160 (and/or Matthew Rabin's or Benjamin Enke's class) as a minor.

We particularly welcome and encourage students working in applied fields such as labor, public, development, IO, health, etc. to take this class if they are interested in incorporating ideas and tools from behavioral economics into their research. However, we believe that the class is also well suited for theory-oriented students who are interested in learning about the wonders of applied behavioral economics.

Prerequisites for this class are 14.121 and 14.122, though MIT graduate students should be able to and are in fact encouraged to take this course in their first year. **If you have not taken these courses and are not an MIT economics PhD student, please contact the instructors regarding your participation in this course** (and/or come to the first class to see whether the class is appropriate for you). If you are an undergraduate or Master's student, 14.13/14.131 (<https://canvas.mit.edu/courses/12762>) is likely a better fit for you.

We encourage students to attend Matthew Rabin's excellent (theory-oriented) [PhD course at Harvard](#) (offered in the fall), which is for the most part complementary to 14.160. Students are also strongly encouraged to attend the MIT Behavioral Lunch on Thursdays and the [Harvard Behavioral and Experimental Economics Workshop](#).

### **Course requirements and grading:**

Grades will be determined based on (i) weekly short memos discussing starred readings (15%), (ii) weekly research idea memos succinctly describing a research idea related to the contemporaneous lectures (20%), (iii) written research proposal (25%), (iv) presentation of research proposal (20%), and (v) feedback on two other students' research proposals (20%). There will be no exams. Reading summaries, research memos and the research proposals should be submitted on Piazza.

#### **(i) Required Readings (15%)**

The evening before the first class of each week (10 pm on Mondays), students are required to submit a short summary (a paragraph or two, at most 1 page) of the required readings for that week (marked with \*\*\*). Other important papers are marked with one star (\*). No written responses are required for those papers. Late submissions will not be accepted. No such summary is required in the first week of class. The summaries should cover the following: (i) Why is the paper important (or why not)? (ii) An overview of the core contributions of the paper. (iii) What you liked – or did not like – about the paper. (iv) Any questions you have about the paper (optional).

#### **(ii) Weekly Research Ideas (20%)**

Every week of class (by Friday at 6PM), students will briefly write down a research idea inspired by the week's lectures. This should be 1-2 paragraphs, no more than 1/2 of a page, that describes (i) the idea and why it's important, (ii) the ideal data or identification strategy, and (iii) how you might be able to approximate this ideal in practice.

Everyone gets full credit as long as they submit the idea on time -- this is just intended to get the ideas flowing and start conversations!

#### **(iii) Written Research Proposal (25%)**

Students will write a short research proposal on a topic related to the themes of the class. By spring break, you must have met one of the instructors in office hours to discuss your idea for the research proposal. We can help you choose between ideas if necessary.

#### **(iv) Feedback on Other Students' Research Proposals (20%):**

You will write 1-2 page written feedback to the proposal and presentation of two different students, with focus on suggestions for improvements. Please also include a brief summary of what you found would be the main contributions of the project, as well as the proposals' limitations. Please note that the

substance of comments will be more important than the length. For proposal and presentation, please make brief comments on how they could have written/presented more effectively. Your feedback to the proposal and presentation will each count for 10% of the grade.

**(v) Presentation of Your Research Idea (20%)**

During the last lecture dates, students will present their proposal for about 20 minutes each (depending on enrollment). We will grade both the quality of the presentation and the content of the proposal.

**Timeline:**

- (1) Talk to either Hunt or Frank at least once about your proposal before spring break.
- (2) Submit your proposal by April 12
- (3) Submit your feedback responses by April 26
- (4) Present on May 3, 5, or 10

**Collapsed (tentative) course outline:**

Date	Who teaches?	Topic
2/01	Frank	Intro + default Effects
2/3, 2/8, 2/10	Frank	Time preferences
2/15 and 2/17	Frank	Social preferences
2/22		NO CLASS (Monday schedule)
2/24 and 3/1	Frank	Beliefs and learning
3/3	Hunt	Prospect theory
3/8	Hunt	Decision heuristics
3/10	Hunt	Attention
3/15 and 3/17	Hunt	Behavioral public economics
3/22, 3/24		SPRING BREAK
3/29 and 3/31	Frank	Behavioral development
4/5 and 4/7	Hunt	Behavioral IO
4/12 and 4/14	Hunt	Behavioral household finance
4/19	Hunt	Behavioral political economy
4/21	Hunt	Behavioral economics and technology

4/26	Frank	Gender
4/28	Frank	Mental health
5/3 & TBD	Both	Presentations

### **COURSE READINGS**

Below is a tentative reading list for this course. We will make some changes to this list, but the broad structure and the majority of papers will remain fairly similar to the below list.

There is no textbook for the course. Starred readings (\*\*\*) are required, and you are required to read these papers before class and submit a brief write-up on each starred reading as described above.

#### **General readings:**

##### **Very important general reference for nearly all topics:**

Bernheim, B. Douglas, Stefano DellaVigna, and David Laibson. 2018. "Handbook of Behavioral Economics." *Elsevier*.

##### **Overview articles (in order of importance)**

DellaVigna, Stefano. 2009. "Psychology and Economics: Evidence from the Field." *Journal of Economic Literature*.

Thaler, R.H., 2016. "Behavioral economics: Past, Present, and Future." *American Economic Review*.

Rabin, Matthew. 2013. "Incorporating Limited Rationality into Economics." *Journal of Economic Literature*.

Rabin, Matthew. 2002. "A Perspective on Psychology and Economics." *European Economic Review*.

Mullainathan, Sendhil and Richard H. Thaler. 2000. "Behavioral Economics." *National Bureau of Economic Research Working Paper 7948*.

Rabin, Matthew. 1998. "Psychology and Economics." *Journal of Economic Literature*.

##### **Books (not required)**

Thaler, Richard, and Cass Sunstein. 2021. *Nudge: The Final Edition*. Penguin.

Thaler, Richard. 2015. "Misbehaving: The Making of Behavioral Economics." *Norton*.

Mullainathan, Sendhil, and Eldar Shafir. 2013. "Scarcity." *Times Books*.

Kahneman, Daniel, Paul Slovic, and Amos Tversky (eds.). 1982. *Judgment Under Uncertainty: Heuristics and Biases*, Cambridge University Press.

Kahneman, Daniel and Amos Tversky (eds.). 2000. *Choices, Values and Frames*, New York: Russell Sage Foundation: Cambridge University Press.

Ross, Lee and Richard E. Nisbett. 1991. *The Person and the Situation: Perspectives of Social Psychology*, Philadelphia: Temple University Press.

Cialdini, Robert B. 1993. *Influence, the Psychology of Persuasion*, New York: William Morrow Publishing Co.

Kahneman, Daniel. 2011. *Thinking, Fast and Slow*, New York: Farrar, Straus and Giroux.

Bazerman, Max and Don Moore. 2012. *Judgment in Managerial Decision Making* (8th Edition), John Wiley & Sons.

## Introduction and default effects (1 lecture, Frank)

(No write-ups due on starred readings this week)

### Behavioral economics overviews

\*Rabin, Matthew. 2002. "A Perspective on Psychology and Economics." *European Economic Review*.

\*DellaVigna, Stefano. 2009. "Psychology and Economics: Evidence from the Field." *Journal of Economic Literature*.

### Default effects

Madrian, Brigitte C., and Dennis F. Shea. 2001. "The Power of Suggestion: Inertia in 401(k) Participation and Savings Behavior." *Quarterly Journal of Economics*.

Thaler, Richard H. and Shlomo Benartzi. 2004. "Save More Tomorrow™: Using Behavioral Economics to Increase Employee Saving." *Journal of Political Economy*.

Brown, Jeffrey and Alessandro Previtro. 2014. "Procrastination, Present-Biased Preferences, and Financial Behaviors." Mimeo.

Handel, Benjamin R. 2013. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts." *American Economic Review*.

Chetty, Raj, John N. Friedman, Soren Leth-Petersen, Torben Heien Nielsen, and Tore Olsen. 2014. "Active vs. Passive Decisions and Crowd-Out in Retirement Savings Accounts." *Quarterly Journal of Economics*.

\*Blumenstock, Joshua, Michael Callen, and Tarek Ghani. 2018. "Why Do Defaults Affect Behavior? Experiment Evidence from Afghanistan." *American Economic Review*.

Fowlie, Meredith, Catherine Wolfram, C. Anna Spurlock, Annika Todd, Patrick Baylis, and Peter Cappers. 2017. "Default Effects and Follow-On Behavior: Evidence from an Electricity Pricing Program". *National Bureau of Economic Research Working Paper 23553*.

Beshears, J., J. J. Choi, D. Laibson, B. Madrian, and W. Skimmyhorn. 2020. "Borrowing to Save? The Impact of Automatic Enrollment on Debt," Working Paper.

Choukhmane, Taha. 2021. "Default Options and Retirement Savings Dynamics." Working paper.

## Time preferences I: theory and measurement (1 lecture, Frank)

### Key reference

\*\*\*Ericson, K.M., and D. Laibson. 2019. "Intertemporal choice." In *Handbook of Behavioral Economics: Applications and Foundations 1*. North-Holland.

### Lecture

\*Frederick, Shane, George Loewenstein, and Ted O'Donoghue. 2002. "Time Discounting and Time Preference: A Critical Review." *Journal of Economic Literature*.

\*Cohen, J., K.M. Ericson, D. Laibson, and J.M. White, 2020. "Measuring time preferences." *Journal of Economic Literature*.

Andreoni, James, Michael A. Kuhn, and Charles Sprenger. 2015. "Measuring Time Preferences: A Comparison of Experimental Methods." *Journal of Economic Behavior and Organization*.

Akerlof, George A. 1991. "Procrastination and Obedience." *American Economic Review, Papers and Proceedings*.

Ariely, Dan and Klaus Wertenbroch. 2002. "Procrastination, Deadlines, and Performance: Self-Control by Precommitment." *Psychological Science*.

Ashraf, Nava, Dean Karlan, and Wesley Yin. 2006. "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines." *Quarterly Journal of Economics*.

Kaur, Supreet, Michael Kremer, and Sendhil Mullainathan. 2015. "Self-Control at Work." *Journal of Political Economy*.

Andreoni, James and Charles Sprenger. 2012. "Estimating Time Preferences from Convex Budgets." *American Economic Review*.

\*Augenblick, Ned, Muriel Niederle, and Charles Sprenger. 2015. "Working over Time: Dynamic Inconsistency in Real Effort Tasks." *Quarterly Journal of Economics*.

Augenblick, N. and M. Rabin. 2019. "An experiment on time preference and misprediction in unpleasant tasks." *Review of Economic Studies*.

### **Recitation**

Laibson, David. 1997. "Golden Eggs and Hyperbolic Discounting." *Quarterly Journal of Economics*.

O'Donoghue, Ted and Matthew Rabin. 1999. "Doing It Now or Later." *American Economic Review*.

O'Donoghue, Ted and Matthew Rabin. 2001. "Choice and Procrastination." *Quarterly Journal of Economics*.

## Time preferences II: applications and open research questions (2 lectures, Frank)

### **Key reference**

\*\*\*Ericson, K.M., and D. Laibson. 2019. "Intertemporal choice." In *Handbook of Behavioral Economics: Applications and Foundations 1*. North-Holland.

### **Lecture**

Bai, Liang, Benjamin Handel, Edward Miguel and Gautam Rao. 2017. "Self-Control and Preventive Health: Evidence from Hypertension in India." Mimeo.

Beshears, J., J.J. Choi, D. Laibson, B.C. Madrian and W.L. Skimmyhorn. 2019. "Borrowing to save? The impact of automatic enrollment on debt." National Bureau of Economic Research. Working Paper 25876.

Meier, Stephan and Charles Sprenger. 2015. "Temporal Stability of Time Preferences." *Review of Economics and Statistics*.

Laibson, David. 2015. "Why Don't Present-Biased Agents Make Commitments?" *American Economic Review*.

\*Schilbach, Frank. 2019. "Alcohol and Self-Control: A Field Experiment in India." *American Economic Review*.

Carrera, Mariana, Heather Royer, Mark Stehr, Justin Sydnor, and Dmitry Taubinsky. 2021. "Who Chooses Commitment? Evidence and Welfare Implications." Working Paper.

Strack, Philipp, and Dmitry Taubinsky. 2021. "Dynamic Preference "Reversals" and Time Inconsistency." Working Paper.

Sadoff, S., A. Samek, and C. Sprenger. 2019. "Dynamic Inconsistency in Food Choice: Experimental Evidence from Two Food Deserts." *The Review of Economic Studies*.

Beshears, John, James Choi, Christopher Clayton, Christopher Harris, David Laibson, and Brigitte Madrian. 2019. "Optimal Illiquidity." Mimeo.

Hershfield, Hal. 2011. "Future Self-continuity: How Conceptions of the Future Self Transform Intertemporal Choice." *Annals of the New York Academy of Sciences*.

Andreoni, J., M. Callen, Y. Khan, K. Jaffar, and C. Sprenger. 2016. "Using preference estimates to customize incentives: An application to polio vaccination drives in Pakistan." *National Bureau of Economic Research*. Working Paper 22019.

Shapiro, Jesse. 2005. "Is there a Daily Discount Rate? Evidence from the Food Stamp Nutrition Cycle." *Journal of Public Economics*.

Gerard, Francois, and Joana Naritomi. 2021. "Job Displacement Insurance and (the Lack of) Consumption-Smoothing." *American Economic Review*.

Ganong, Peter, and Pascal Noel. 2019. "Consumer Spending during Unemployment: Positive and Normative Implications." *American Economic Review*.

### **Recitation**

Fudenberg, Drew, and David K. Levine. 2006. "A Dual-Self Model of Impulse Control." *American Economic Review*.

\*Gul, Faruk and Wolfgang Pesendorfer. 2001. "Temptation and Self-Control." *Econometrica*.

\*Toussaert, S.. 2018. "Eliciting Temptation and Self-Control Through Menu Choices: A Lab Experiment." *Econometrica*.

## Social preferences (2 lectures, Frank)

\*\*\*Rao, G.. 2019. "Familiarity does not breed contempt: Generosity, discrimination, and diversity in Delhi schools." *American Economic Review*.

Lowe, M.. 2021. "Types of contact: A field experiment on collaborative and adversarial caste integration." *American Economic Review*.

Hjort, J.. 2014. "Ethnic Divisions and Production in Firms." *Quarterly Journal of Economics*.

Levy Palluck, Elizabeth, Seth Green and Donald Green. 2018. "The Contact Hypothesis Re-Evaluated," *Behavioral Public Policy*.

\*Bursztyn, Leonardo and Robert Jensen. 2015. "How Does Peer Pressure Affect Educational Investments?" *Quarterly Journal of Economics*.

\*Bursztyn, L., G. Egorov, and R. Jensen. 2019. "Cool to be smart or smart to be cool? Understanding Peer Pressure in Education." *The Review of Economic Studies*.

Austen-Smith, David and Roland G. Fryer, Jr. 2005. "An Economic Analysis of 'Acting-White'." *Quarterly Journal of Economics*.

Fryer Jr., Roland G. and Paul Torelli. 2010. "An Empirical Analysis of 'Acting White'." *Journal of Public Economics*.

\*Bursztyn, Leonardo, Georgy Egorov, and Stefano Fiorin. 2019. "From Extreme to Mainstream: The Erosion of Social Norms." Working Paper.

\*Bursztyn, Leonardo, Alessandra González, and David Yanagizawa-Drott. 2020. "Misperceived Social Norms: Female Labor Force Participation in Saudi Arabia." *American Economic Review*.

Bursztyn, Leonardo and Robert Jensen. 2017. "Social Image and Economic Behavior in the Field: Identifying, Understanding, and Shaping Social Pressure." *Annual Review of Economics*.

Akerlof, George and Rachel E. Kranton. 2000. "Economics and Identity." *Quarterly Journal of Economics*.

DellaVigna, Stefano, John A. List, and Ulrike Malmendier. 2012. "Testing for Altruism and Social Pressure in Charitable Giving." *Quarterly Journal of Economics*.

\*DellaVigna, Stefano, John A. List, Ulrike Malmendier, and Gautam Rao. 2017. "Voting to Tell Others." *Review of Economic Studies*.

Dubé, Jean-Pierre, Xueming Luo, and Zheng Fang. 2015. "Self-Signaling and Prosocial Behavior: a Cause Marketing Mobile Field Experiment." *National Bureau of Economic Research Working Paper 21475*.



Perez-Truglia, R. and G. Cruces. 2017. "Partisan Interactions: Evidence from a Field Experiment in the United States." *Journal of Political Economy*.

Charness, Gary and Matthew Rabin. 2002. "Understanding Social Preferences with Simple Tests." *Quarterly Journal of Economics*.

Fehr, Ernst and Klaus M. Schmidt. 1999. "A Theory of Fairness, Competition, and Cooperation." *Quarterly Journal of Economics*.

Breza, Emily, Supreet Kaur, and Yogita Shamdasani. 2019. "The Morale Effects of Pay Inequality." *Quarterly Journal of Economics*.

Gneezy, Uri and John A. List. 2006. "Putting Behavioral Economics to Work: Testing for Gift Exchange in Labor Markets Using Field Experiments." *Econometrica*.

DellaVigna, Stefano, John List, Ulrike Malmendier, and Gautam Rao. Forthcoming. "Estimating Social Preferences and Gift Exchange at Work." *American Economic Review*.

Falk, Armin. 2007. "Gift Exchange in the Field." *Econometrica*.

Karing, Anne. 2018. "Social Signaling and Childhood Immunization: A Field Experiment in Sierra Leone." Job Market Paper.

Bodner, Ronit and Drazen Prelec. 2002. "Self-signaling and diagnostic utility in everyday decision making." *Collected Essays in Psychology and Economics*.

Bénabou, Roland and Jean Tirole. 2004. "Willpower and Personal Rules." *Journal of Political Economy*.

Bénabou, Roland and Jean Tirole. 2006. "Incentives and Prosocial Behavior." *American Economic Review*.

Karing, Anne. 2019. "Social Signaling and Health Behavior in Low-Income Countries."

Gneezy, Uri and Aldo Rustichini. 2000. "Pay Enough or Don't Pay at All." *Quarterly Journal of Economics*.

Bénabou, Roland and Jean Tirole. 2011. "Identity, Morals, and Taboos: Beliefs as Assets." *Quarterly Journal of Economics*.

Bursztyn, Leonardo, Thomas Fujiwara, and Amanda Pallais. 2017. "'Acting Wife': Marriage Market Incentives and Labor Market Investments." *American Economic Review*.

Fisman, Raymond, Sheena S. Iyengar, Emir Kamenica, and Itamar Simonson. 2006. "Gender Differences in Mate Selection: Evidence from a Speed Dating Experiment." *Quarterly Journal of Economics*.

Bursztyn, Leonardo, Bruno Ferman, Stefano Fiorin, Martin Kanz, and Gautam Rao. 2018. "Status Goods: Experimental Evidence from Platinum Credit Cards." *Quarterly Journal of Economics*.

Bursztyn, Leonardo, Florian Ederer, Bruno Ferman, and Noam Yuchtman. 2014. "Understanding Mechanisms Underlying Peer Effects." *Econometrica*.

Ager, Philipp, Leonardo Bursztyn, Lukas Leucht, and Joachim Voth. Forthcoming. "Killer Incentives: Rivalry, Performance and Risk-Taking among German Fighter Pilots, 1939-45." *Review of Economic Studies*.

Bursztyn, Leonardo, Michael Callen, Bruno Ferman, Saad Gulzar, Ali Hasanain, and Noam Yuchtman. 2020. "Political Identity: Experimental Evidence on Anti-Americanism in Pakistan." *Journal of the European Economic Association*.

Bursztyn, Leonardo, Stefano Fiorin, Daniel Gottlieb, and Martin Kanz. 2019. "Moral Incentives in Credit Card Debt Repayment." *Journal of Political Economy*.

Butera, Luigi, Rob Metcalfe, William Morrison, and Dmitry Taubinsky. Forthcoming. "Measuring the Welfare Effects of Shame and Pride." *American Economic Review*.

## Beliefs and Learning (Frank, 2 lectures)

### Overview

\*Benjamin, Daniel J. 2019. "Errors in probabilistic reasoning and judgment biases." *Handbook of Behavioral Economics: Applications and Foundations 1*.

### Overconfidence

\*\*\*Mobius, M. M., Niederle, M., Niehaus, P., & Rosenblat, T. S. 2022. "Managing self-confidence: Theory and experimental evidence." *Management Science*.

Moore, Don A., and Paul J. Healy. 2008. "The Trouble With Overconfidence". *Psychological Review*.

Zimmermann, Florian. 2020. "The Dynamics of Motivated Beliefs". *American Economic Review*.

Augenblick, Ned and Matthew Rabin. 2019. "An Experiment on Time Preference and Misprediction in Unpleasant Tasks." *Review of Economic Studies*.

Benabou, Roland and Jean Tirole. 2002. "Self-Confidence and Personal Motivation\*." *Quarterly Journal of Economics*.

Buser, Thomas, Leonie Gerhards, and Joel Van Der Weele. 2018. "Responsiveness to feedback as a personal trait." *Journal of Risk and Uncertainty*.

Caplin, Andrew and John Leahy. 2001. "Psychological expected utility theory and anticipatory feelings." *Quarterly Journal of Economics*.

Danz, David, Lise Vesterlund, and Alistair J Wilson. 2020. "Belief elicitation: Limiting truth telling with information on incentives." Technical Report, *National Bureau of Economic Research*.

Delavande, Adeline, Xavier Gin'e, and David McKenzie. 2011. "Measuring subjective expectations in developing countries: A critical review and new evidence." *Journal of Development Economics*.

DellaVigna, Stefano and Ulrike Malmendier. 2004. "Contract Design and Self-Control: Theory and Evidence." *Quarterly Journal of Economics*.

Eil, David and Justin M Rao. 2011. "The good news-bad news effect: asymmetric processing of objective information about yourself." *American Economic Journal: Microeconomics*.

Haaland, Ingar, Christopher Roth, and Johannes Wohlfart. 2020. "Designing information provision experiments." Working Paper.

Koszegi, Botond. 2006. "Ego utility, overconfidence, and task choice." *Journal of the European Economic Association*.

Oster, Emily, Ira Shoulson, E Ray Dorsey. 2013. "Optimal Expectations and Limited Medical Testing: Evidence from Huntington Disease." *American Economic Review*.

Read, Daniel and Barbara van Leeuwen. 1998. "Predicting Hunger: The Effects of Appetite and Delay on Choice." *Organizational Behavior and Human Decision Processes*.

Schwardmann, Peter and Joel J Van der Weele. 2016. "Deception and Self-Deception," Working Paper.

Svenson, Ola. 1981. "Are we all less risky and more skillful than our fellow drivers?" *Acta Psychologica*.

Weinstein, Neil D. 1980. "Unrealistic optimism about future life events." *Journal of Personality and Social Psychology*.

### **Social Learning**

\*\*\*Conlon, John, Malavika Mani, Gautam Rao, Matthew Ridley, Frank Schilbach. 2022. "Learning in the Household." *Mimeo*.

Mobius, M. and Rosenblat, T., 2014. "Social learning in economics". *Annual Review of Economics*.

Badger, Gary, Warren K. Bickel, Louis A. Giordano, Eric A. Jacobs, George Loewenstein, and Lisa Marsch. 2007. "Altered States: The Impact of Immediate Craving on the Valuation of Current and Future Opioids." *Journal of Health Economics*.

Busse, Meghan R., Devin G. Pope, Jaren C. Pope, and Jorge Silva-Risso. 2015. "The Psychological Effects of Weather on Car Purchases." *Quarterly Journal of Economics*.

Chandrasekhar, Arun G, Benjamin Golub, and He Yang. 2018. "Signaling, shame, and silence in social learning." Technical Report, *National Bureau of Economic Research*.

Chen, Daniel L, Tobias J Moskowitz, and Kelly Shue. 2016. "Decision making under the gambler's fallacy: Evidence from asylum judges, loan officers, and baseball umpires." *Quarterly Journal of Economics*.

Conlin, Michael, Ted O'Donoghue, and Timothy J. Vogelsang. 2007. "Projection Bias in Catalog Orders." *American Economic Review*.

Gilbert, Daniel T, Elizabeth C Pinel, Timothy D Wilson, Stephen J Blumberg, and Thalia P Wheatley. 2002. "Durability bias in affective forecasting."

Haggag, Kareem and Devin Pope. 2018. "Attribution Bias in Consumer Choice." *Review of Economic Studies*.

Loewenstein, George, Ted O'Donoghue, and Matthew Rabin. 2003. "Projection Bias in Predicting Future Utility." *Quarterly Journal of Economics*.

## Risk preferences and reference dependence (Hunt, 1 lecture)

\* O'Donoghue, Ted, and Charles Sprenger. 2018. "Reference-Dependent Preferences." *Handbook of Behavioral Economics: Applications and Foundations 1*.

\*Kahneman, D., and A. Tversky. 1979. "Prospect Theory: An Analysis of Decision Under Risk." *Econometrica*.

Kahneman, D., J. Knetsch, and R. Thaler. 1992. "Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias." *Journal of Economic Perspectives*.

\*Koszegi, B. and M. Rabin. 2006. "A Model of Reference-Dependent Preferences." *Quarterly Journal of Economics*.

\*Rabin, M. 2000. "Risk Aversion and Expected-Utility Theory: A Calibration Theorem." *Econometrica*.

Koszegi, B. and M. Rabin. 2007. "Reference-Dependent Risk Attitudes." *American Economic Review*.

Benartzi, S. and R. Thaler. 1995. "Myopic Loss Aversion and the Equity Premium Puzzle." *Quarterly Journal of Economics*.

Genesove, D. and C. Mayer. 2001. "Loss Aversion and Seller Behavior: Evidence from the Housing Market." *Quarterly Journal of Economics*.

Andersen, Steffen, Cristian Badarinza, Lu Liu, Julie Marx, and Tarun Ramadorai. 2022. "Reference Dependence in the Housing Market." Working Paper.

Camerer, C., L. Babcock, G. Loewenstein, and R. Thaler. 1997. "Labor Supply of New York City Cabdrivers: One Day at a Time." *Quarterly Journal of Economics*.

Farber, Henry. 2005. "Is Tomorrow Another Day?" *Journal of Political Economy*.

- Fehr, Ernst, and Lorenz Goette. 2007. "Do Workers Work More if Wages Are High? Evidence from a Randomized Field Experiment." *American Economic Review*.
- Thakral, Neil, and Linh T. Tô. 2021. "Daily Labor Supply and Adaptive Reference Points." *American Economic Review*.
- List, J. 2003. "Does Market Experience Eliminate Market Anomalies?" *Quarterly Journal of Economics*.
- Mas, Alexandre. 2006. "Pay, Reference Points, and Police Performance." *The Quarterly Journal of Economics*.
- Koszegi, B. and M. Rabin. 2009. "Reference-Dependent Consumption Plans." *American Economic Review*.
- Koszegi, B. 2010. "Utility from Anticipation and Personal Equilibrium." *Economic Theory*.
- Chetty, R. 2006. "A New Method of Estimating Risk Aversion." *American Economic Review*.
- Prelec, D. 1998. "The Probability Weighting Function." *Econometrica*.
- Plott, CR and K. Zeiler. 2005. "The Willingness to Pay – Willingness to Accept Gap, the "Endowment Effect", Subject Misconceptions, and Experimental Procedures for Eliciting Valuations." *American Economic Review*.
- Plott, CR and K. Zeiler. 2007. "Exchange Asymmetries Incorrectly Interpreted as Evidence of Endowment Effect Theory and Prospect Theory." *American Economic Review*.
- Barberis, Nicholas, Ming Huang, and Richard H. Thaler. 2006. "Individual Preferences, Monetary Gambles, and Stock Market Participation." *American Economic Review*.
- Rabin, Matthew, and Georg Weizsacker. 2009. "Narrow Bracketing and Dominated Choices." *American Economic Review*.
- DellaVigna, S., A. Lindner, B. Reizer, and J. F. Schmieder. 2017. "Reference-Dependent Job Search: Evidence from Hungary." *The Quarterly Journal of Economics*.
- DellaVigna, Stefano, Jörg Heining, Johannes F. Schmieder, and Simon Trenkle. 2021. "Evidence on Job Search Models from a Survey of Unemployed Workers in Germany." *The Quarterly Journal of Economics*.
- Pagel, M. 2017. "Expectations-Based Reference-Dependent Life-Cycle Consumption." *Review of Economic Studies*.
- Pagel, M. 2015. "Expectations-Based Reference-Dependent Preferences and Asset Pricing." *Journal of the European Economic Association*.
- Rees-Jones, Alex. 2018. "Quantifying Loss-Averse Tax Manipulation." *Review of Economic Studies*.
- Baker, Malcolm, Xin Pan, and Jeffrey Wurgler. 2012. "The effect of reference point prices on mergers and acquisitions" *Journal of Financial Economics*.

Pope, Devin and Maurice E. Schweitzer. 2011. "Is Tiger Woods Loss Averse? Persistent Bias in the Face of Experience, Competition, and High Stakes." *American Economic Review*.

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### **Other MIT resources**

The Department of Economics values an inclusive environment. If you need a disability accommodation to access this course, please communicate with us early in the semester. If you have your accommodation letter, please meet with the faculty so that we can understand your needs and implement your approved accommodations. If you have not yet been approved for accommodations, please contact Student Disability Services at [uaap-sds@mit.edu](mailto:uaap-sds@mit.edu) to learn about their procedures. We encourage you to do so early in the term to allow sufficient time for implementation of services/accommodations that you may need.

The WCC at MIT (Writing and Communication Center) offers *free* one-on-one professional advice from communication experts. The WCC is staffed completely by MIT lecturers. All have advanced degrees. All are experienced college classroom teachers of communication. All are published scholars and writers. Not counting the WCC's director's years (he started the WCC in 1982), the WCC lecturers have a combined 133 years' worth of teaching here at MIT (ranging from 4 to 24 years). The WCC works with undergraduate, graduate students, post-docs, faculty, staff, alums, and spouses. The WCC helps you strategize about all types of academic and professional writing as well as about all aspects of oral presentations (including practicing classroom presentations & conference talks as well as designing slides). No matter what department or discipline you are in, the WCC helps you think your way more deeply into your topic, helps you see new implications in your data, research, and ideas. The WCC also helps with all English as Second Language issues, from writing and grammar to pronunciation and conversation practice. The WCC is located in E18-233, 50 Ames Street). To guarantee yourself a time, make an appointment. To register with our online scheduler and to make appointments, go to <https://mit.mywconline.com/> . To access the WCC's many pages of advice about writing and oral

presentations, go to <http://cmsw.mit.edu/writing-and-communication-center/>. Check the online scheduler for up-to-date hours and available appointments.