Instructor and Class Information

- Professor Tatiana Homonoff
- Email: tah297@nyu.edu
- Office Hours (sign up here): by appointment Mondays 11:30-1:00 with three deviations
  - (i) Week of Feb 6: Monday, Feb 6 1:00-2:30
  - (ii) Week of Feb 20: Tuesday, Feb 21 1:00-2:30
  - (iii) Week of April 10: Tuesday, April 11 1:00-2:30
- Class meeting: Section 1: Tuesday 10:00-11:40am, Silver, 1 Washington Sq North, Room 509; Section 2: Tuesday 4:55-6:35pm, 194 Mercer, Room 306B

Course Prerequisite

CORE-GP 1011: Statistics & CORE-GP 1018: Microeconomics (or equivalent)

Course Description

Standard economic theory assumes that individuals are fully rational decision-makers; however, that is often not the case in the real world. Behavioral economics uses findings from lab and field experiments to advance existing economic models by identifying ways in which individuals are systematically irrational. This course gives an overview of key insights from behavioral science and identifies ways in which these findings have been used to advance policies on education, health, energy, taxation, and more. Additionally, this course will review how government agencies and non-profit organizations have used behavioral insights to improve social policy.

Learning Assessment Table

<table>
<thead>
<tr>
<th>Course Learning Objective Covered</th>
<th>Corresponding Assignment Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interpret empirical results from research papers for a policy audience</td>
<td>Weekly Assignments; Bias Presentation</td>
</tr>
<tr>
<td>2. Demonstrate knowledge of key theories and policy findings from the field of behavioral economics</td>
<td>Final Exam</td>
</tr>
<tr>
<td>3. Apply insights from behavioral economics to policy design</td>
<td>Policy Proposal</td>
</tr>
</tbody>
</table>
Required Readings

- Excerpts from the following books (provided via Brightspace):

Course Requirements

- Semi-weekly assignments: 45% (7.5% each)
  - Data visualization tweets (x4)
  - Writing assignments (x2)
- Group bias presentation: 5%
- Participation: 10%
- Policy Proposal: 10%
- Final Exam: 30%

Semi-Weekly Assignments

Researchers working in public policy must frequently adapt their writing style turning a technical, academic journal article into a policy brief for government officials, a New York Times article, a National Public Radio spot, or a tweet. One of the main goals of this class is to learn to digest academic research to make economics insights understandable to a policy audience. These semi-weekly assignments will give students practice in four types of policy writing:

- Data visualization tweets
- Opinion editorial
- Policy brief
- Policy proposals

Students will submit semi-weekly assignments via Brightspace. These will be graded as check ++, check+, check, check minus, no credit which corresponds to 100/95/85/75/0. Late assignments will lose 10 points per 24-hour period starting at the beginning of class in which the assignment is due. One make-up tweet is available to earn additional credit: this can replace a either a missed assignment or the assignment with the lowest grade.
Lecture Recording Policy

NYU-Wagner has a policy not to use hybrid instruction—absent students will not be able to zoom into lecture synchronously. All lectures will be recorded and made temporarily available for students with an excused absence ONLY. Excused absences include: (i) any illness (ii) COVID exposure (iii) COVID-related childcare issues (iv) religious holidays (v) family emergencies. Work-related conflicts do not count as an excused absence. Students with access can view the recordings via Brightspace (Content → Lecture Recordings) until midnight of the day prior to the following lecture after which the link will expire. Students with an excused absence can email tah297@nyu.edu for access.

Technology Support

You have 24/7 support via NYU's IT services. Explore the NYU servicelink knowledgebase for troubleshooting and student guides for all NYU-supported tools (Brightspace, Zoom, etc). Contact askIT@nyu.edu or 1-212-998-3333 (24/7) for technology assistance, or contact Zoom's 24/7 technical support (includes a chat function), or review Zoom's support resources. If you do not have the appropriate hardware technology nor financial resources to purchase the technology, consider applying for the NYU Emergency Relief Grant.

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by Wagner's Academic Code. All Wagner students have already read and signed the Wagner Academic Oath. Plagiarism of any form will not be tolerated and students in this class are expected to report violations to me. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with me.

Henry and Lucy Moses Center for Students with Disabilities

Academic accommodations are available for students with disabilities. Please visit the Moses Center for Students with Disabilities (CSD) website and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out as early as possible in the semester for assistance.

NYU’s Calendar Policy on Religious Holidays

NYU’s Calendar Policy on Religious Holidays states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.
## Overview of the Semester

<table>
<thead>
<tr>
<th>Lecture</th>
<th>Topics</th>
<th>Overview Reading</th>
<th>Assignments: Due at class start</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Jan 24</td>
<td>Intro to Prospect Theory</td>
<td>TFS ch.25-26</td>
<td></td>
</tr>
<tr>
<td>2 Jan 31</td>
<td>Econometrics Review; Loss Aversion Applications</td>
<td>Econometrics review; Nudge ch.1</td>
<td></td>
</tr>
<tr>
<td>3 Feb 7</td>
<td>Loss Aversion cont.; Probability Weighting</td>
<td>TFS ch.29</td>
<td>Writing Assignment 1</td>
</tr>
<tr>
<td>4 Feb 14</td>
<td>The Endowment Effect</td>
<td>TFS ch.27</td>
<td>Tweet 1</td>
</tr>
<tr>
<td>5 Feb 21</td>
<td>Present Bias; Commitment Devices</td>
<td>Nudge, ch.2</td>
<td>Presentation 1</td>
</tr>
<tr>
<td>6 Feb 28</td>
<td>Defaults</td>
<td>Nudge, ch.13</td>
<td>Tweet 2 Presentation 2</td>
</tr>
<tr>
<td>7 Mar 7</td>
<td>Choice Overload; Nudging Debate</td>
<td>Nudge Intro; NYT articles</td>
<td>Tweet 3 Presentation 3</td>
</tr>
<tr>
<td>8 Mar 21</td>
<td>Intrinsic vs. Extrinsic Motivation</td>
<td>Predictably Irrational, ch. 4</td>
<td>Presentation 4</td>
</tr>
<tr>
<td>9 Mar 28</td>
<td>Social Comparison</td>
<td>Nudge, ch.3</td>
<td>Tweet 4 Presentation 5</td>
</tr>
<tr>
<td>10 Apr 4</td>
<td>Salience and Attention</td>
<td>Chetty Senate Testimony</td>
<td>Writing Assignment 2 Presentation 6</td>
</tr>
<tr>
<td>11 Apr 11</td>
<td>Scarcity</td>
<td>Scarcity ch. 1 &amp; 5</td>
<td>Presentation 7</td>
</tr>
<tr>
<td>12 Apr 18</td>
<td>Applying Behavioral Economics I</td>
<td>EO 13707 Guidance; The Time Tax</td>
<td>Tweet 5 (Make-up)</td>
</tr>
<tr>
<td>13 Apr 25</td>
<td>Applying Behavioral Economics II: Guest</td>
<td>Ideas42 reports</td>
<td>Writing Assignment 3</td>
</tr>
<tr>
<td>14 May 2</td>
<td>Final Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 9</td>
<td>Final Exam</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Writing Assignments

These assignments provide practice in policy writing of different styles. The first two assignments are reading responses on economics journal articles, while the final assignment asks students to put themselves in the shoes of a behavioral economics researcher and design a novel policy intervention around a policy goal of their choosing. All three assignments should pay particular attention to the behavioral models addressed in the reading (Assignments 1 & 2) or used as motivation for the design of the intervention (Assignment 3) and how it differs from the standard model.

Format: please submit all assignments in PDF format.

Writing Assignment #1: Opinion Editorial

Article: “The Behavioralist Goes to School: Leveraging Behavioral Economics to Improve Educational Performance” by Levitt, List, Neckermann, and Sadoff. There are many parts of this paper, but focus your discussion on the interventions involving loss aversion ONLY.

Style: Think New York Times, The Economist, The Atlantic, NPR, etc. This type of article describes the policy context and findings from academic research, but also expresses the opinions of the author. These articles are aimed at an audience with little-to-no economics or policy experience and are meant to be informative, but also engaging. Please include:

• Description of the policy context and prior research on the policy issue
• Describe the behavioral theory that relates to the intervention
• Summary of the intervention and ties to the theory
• Key finding(s) from the evaluation
• Your personal critique. Possibilities include: Do you think this is a good policy? What are your reservations, if any (ethical, logistical, etc.)? Do you believe the findings from the study (if not, why not)? Can you suggest any other policies based on these findings? Be creative!

Length: One-page, 500 words

Writing Assignment #2: Policy Brief

Article: "Can social information affect what job you choose and keep?" by Coffman, Featherstone, and Kessler

Style: You have just read the study above and want to convey the findings to other policymakers. If you could only give the key stakeholders a one-page summary of the program findings – what would it say? Policy briefs differ from opinion editorials in that they are (i) intended for a more technically-informed audience and (ii) only include the research findings, not your personal opinions.

Please use the following section headings to organize your brief:
Writing Assignment #3: Policy Proposal

Imagine that you are a member of the former White House’s Social and Behavioral Sciences Team (https://sbst.gov/) and that you are collaborating with a public sector partner (government agency, non-profit, etc.). It is your job to identify a well-defined policy goal of your research partner that you believe can be improved through behavioral science. You will then design a policy intervention based on behavioral economics insights to better achieve this goal. Note that not all problems can be solved with behavioral interventions, so make sure you are selecting a problem that you believe can be addressed with the policy levers we have discussed in this course. You will then describe how you and your agency partner will evaluate the effectiveness of your intervention using a randomized control trial. Make sure to address the points below:

1. **Define the policy problem**: What is the policy goal? Make sure that you are selecting a well-defined, measurable policy outcome that is likely to be a goal of your research partner (e.g., take-up of a government program, tax compliance rate, etc.).

2. **Diagnosis**: Describe the cognitive biases that stand in the way of the policy goal and why behavioral interventions might be of use in this context.

3. **Design the intervention**: Identify your behavioral intervention. Special attention will be given to how your intervention relates to your diagnosis – i.e., your intervention should be directly informed by the biases described in your diagnosis. Be concise, specific, and creative!

4. **Test**: Design your own randomized control trial (RCT) to evaluate your intervention. Be specific – for example: Who is your sample population and how will you recruit them? What data would you need to collect? How will you randomize your sample into experimental groups?

5. **Feasibility**: What are some factors that may hinder your analysis? These may include political feasibility, financial costs, logistical difficulties, sample size considerations, ability to randomize, ethical concerns, etc.

Length: 750 words
Data Visualization Tweets

Many of the papers we will read for this class can be summarized in one key finding with the rest of the paper is devoted to trying to convince the reader that the finding is correct. However, academics don’t always make it easy for readers to find that main takeaway.

For these assignments, you will read an academic article and create a stand-alone tweet that summarizes the main takeaway from the paper. Your text should not exceed **280 characters** (note: that says 280 characters, not 280 words!) and should be accompanied by a graphical depiction of the key findings that you create, i.e., do NOT simply recreate an existing figure from the paper – you must create your own graph/figure. While there are many interesting findings in each paper, your assignments will be graded on your ability to identify and accurately describe the main causal effect(s) of the intervention. Make sure to include: (i) policy context (ii) behavioral theory (iii) results (iv) graphical depiction.

For ease of interpretation/grading, please include a footnote describing which table or page you found the data used in your graphical depiction. Note: These tweets do not actually need to be tweeted!

**Format:** please submit all assignments in PDF format.

Tweet 1: “The Power of Certainty: Experimental Evidence on the Effective Design of Free Tuition Programs” by Burland, Dynarski, Michelmore, Owen, and Raghuraman

Tweet 2: "Put Your Money Where Your Butt Is: A Commitment Contract for Smoking Cessation" by Gine, Karlan, and Zinman

Tweet 3: “Why Do Defaults Affect Behavior? Experimental Evidence from Afghanistan” by Blumenstock, Callen, and Ghani

Tweet 4: “Pay Enough or Don’t Pay at All” by Gneezy and Rustichini (focus on the volunteering experiment results ONLY)

(MAKE-UP ASSIGNMENT) Tweet 5: "Information Disclosure, Cognitive Biases, and Payday Borrowing" by Bertrand and Morse
Writing Style Examples


   - Tweet: https://twitter.com/katy_milkman/status/612248981989625856
Group Presentations

Each group of 4-5 students will be assigned one “heuristic or bias” to present. Groups will be assigned in the 2nd-3rd week of class. I have listed one or two articles on each of the topics – often the pioneering article on that specific theory – but you may do your own literature search as well, but it is not required. These articles can be very challenging so you should feel free to skip the more technical sections.

Each presentation should be roughly 10 minutes long and include slides that your classmates can use as a study guide. Please submit a copy of your slides the night before class. The presentations should include the following:

- Define the heuristic/bias introduced in the reading
- Give an example question or scenario that highlights the meaning of the bias. If possible, test your audience to see if they fall prey to the bias!
- Present at least one example from the assigned readings that shows evidence of this cognitive bias in the lab or field
- Describe at least one example not discussed in the readings of how this cognitive bias could impact behavior in meaningful ways in the real world, ideally focusing on some policy-relevant outcome (spending, employment, tax compliance, health, etc.).

Example: Representativeness Heuristic
Readings: Tversky & Kahneman (1974) Section I; Nudge ch.1

Group 1: Availability Bias
Readings: Tversky & Kahneman (1974) Section II; Nudge ch.1

Group 2: Anchoring and Adjustment
Readings: Tversky & Kahneman (1974) Section III; Nudge ch.1

Group 3: Hot-Hand Fallacy
Readings: Gillovich, Vallone, Tversky (1985); Chen, Moskowitz, Shue (2016)

Group 4: Left-Digit Bias
Readings: Lacetera, Pope, Sydnor (2012)

Group 5: Overconfidence
Readings: Kruger and Dunning (1999); Camerer and Lovallo (1999)

Group 6: Confirmation Bias
Readings: Lord, Ross, Lepper (1979), Bernhardt, Krasa, and Polborn (2008)

Group 7: Projection Bias
Readings: Loewenstein, O’Donoghue, Rabin (2003); Conlin, O’Donoghue, Vogelsang (2007)
Additional Readings

Lecture 1: Introduction


Lecture 2: Loss Aversion


Lecture 3: Loss Aversion & Probability Weighting


Lecture 4: The Endowment Effect


Lecture 5: Present Bias & Commitment Devices


Lecture 6: Defaults


Lecture 7: Choice Overload & Libertarian Paternalism

• [Required Reading] New York Times articles:
  o The Power of Nudges, for Good and Bad
  o How Uber Uses Psychological Tricks to Push Its Drivers
  o The Curious Politics of the ‘Nudge’
  o Nudges Aren’t Enough for Problems Like Retirement Savings
• Iyengar, Sheena S., and Mark R. Lepper. "When choice is demotivating: Can one desire too much of a good thing?" Journal of personality and social psychology 79.6 (2000): 995.

Lecture 8: Intrinsic vs. Extrinsic Motivation


Lecture 9: Social Comparison


Lecture 10: Salience and Attention


Lecture 11: Scarcity


Lecture 12: Applying Behavioral Economics I

• [Required Reading] Executive Order 13707 Guidance Document
• Social and Behavioral Sciences Team, Annual Report (2015, 2016)

Lecture 13: Applying Behavioral Economics II

• Ideas42, Behavioral Design Team Playbook