



**Carleton University Department of Economics**

Winter 2024

ECON 4880Z

Individual Decision Making

**The Instructor**

**Instructor:** Lanny Zrill

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**Office Location:** Loeb C875

**Office Hours:** see Brightspace

**The Course**

**Course Location/Delivery:** In person. Log into Carleton Central or Brightspace to view location information.

**Course Day and Time:** Tuesdays, 1135 - 1425

**TA:** TBA

**Email Address:** TBA

**Office Location:** TBA

**Office Hours:** TBA

**Brightspace Course Page:** <https://brightspace.carleton.ca/d2l/home/233147>

**Course Description**

The choices of individual decision makers form the foundation of modern economic models, from household savings decisions to the determination of interest rates by central bankers. In this course, we will do a deep dive into various theories of individual decision making, starting with the standard rational choice model, the workhorse model of individual choice in economics. We will also consider alternative models which have been proposed to explain systematic violations of the standard model. In doing so, we will explore theories and results from many disciplines, including economics, but also psychology, neuroscience, marketing, biology, computer science, and anthropology. Our focus will be on evaluating these theories empirically, often using laboratory experiments, but also using real-world applications. Topics include decision making under risk and uncertainty, intertemporal choice, altruism and reciprocity, bounded rationality, choice architecture (nudges), and artificial intelligence. Students will acquire an appreciation of the enormous complexity of individual decision making, as well as the remarkable success of researchers in better understanding and predicting individual choice behavior.

## **Learning Outcomes**

After this course, students will be able to:

- Identify and describe the underlying behavioral assumptions of rational choice theory in various contexts.
- Critically evaluate models of individual decision making from both a positive and normative perspective.
- Discuss the application of experimental techniques for evaluating theories of individual decision making.
- Identify common behavioral anomalies and biases in individual decision making and judgement.
- Compare and contrast approaches to studying individual decision making across various disciplines.

## **Preclusions and Prerequisites**

Prerequisite(s): ECON 2030 with a grade of C+ or higher; ECON 2103 with a grade of C+ or higher; and ECON 3706 or ECON 4706, which may be taken concurrently with ECON 4880 or may be waived by permission of the Department.

## **Textbooks and Readings**

### **Texts**

Title	Author(s)	ISBN
A Course in Behavioral Economics, 3 <sup>rd</sup> Ed.	Erik Agner	9781352010800

The textbook can be obtained through the Carleton University bookstore <https://www.bkstr.com/carletonstore/shop/textbooks-and-course-materials>

## **Evaluation**

### **Evaluation – Undergraduate Students**

Assignment/Test	Date	Mode of Delivery	Percentage of Grade
Participation	Various	In-person	10%

Presentation	Various	In-person	25%
Midterm Exam	Feb. 27	In-person	25%
Final Exam	As Scheduled by the University during the Examination Period	In-person	40%
			Total: 100%

### Evaluation – Graduate Students

Assignment/Test	Date	Mode of Delivery	Percentage of Grade
Participation	Various	In-person	10%
Reports (2)	TBA	In-person	40%
Research Proposal	TBA	In-person	50%
			Total: 100%

### Information About Assignments

Participation: Attendance and active class participation are expected. Students may miss one lecture without penalty regardless of the reason. You will earn 1% for each lecture attended up to a maximum of 10%. **Attendance will be assessed according to both presence and full participation in class activities.**

Presentation: Working in groups of two, students will select an article related to one of the topics of course. Each group will submit a short summary of the article and give a short presentation (15-20 minutes) in-class during the last two weeks of lecture. **All articles must be approved by the instructor in advance.**

Report: Students will summarize and critically evaluate an article from the reading list. More details regarding expected content and format will be distributed at the beginning of the semester.

Midterm: The midterm exam will take place **in-class on Tuesday, February 27<sup>th</sup>**. The coverage and format will be announced at least two weeks in advance of the exam.

Research Proposal: Students will submit a research proposal related to one of the topics from the course. The proposal must include a clearly stated research question, how this question relates to previous literature, and a summary of proposed methods for addressing the research question.

Final: The final exam will take place in-person at a time and place determined by the University. The coverage and format will be announced on the last day of class, Tuesday, April 9<sup>th</sup>.

#### Late Policies and Extensions for Term Work

Late submissions will lose 10% of the value per day up to a maximum of 20%. Hence, a report submitted 36 hours late with a score of 15/20 will receive a 4-mark penalty resulting in a score of 11/20 overall. **Evaluations submitted more than 48 hours after the deadline will receive a grade of zero. Extensions will not be granted except in exceptional circumstances.**

#### Midterm/Test Policies

- If you are absent for a midterm, email me as soon as possible to discuss how we will weight your course evaluations differently. I reserve the right to request a Self-Declaration form or PMC letter of accommodation depending on the length of incapacitation.

#### Final Exam

The final exam will be in-person as scheduled by the University during the exam period. Students are not to make travel plans during the exam period as that is not a valid reason for missing a final exam.

#### Satisfactory Performance Criteria

Students must fulfill all of the course requirements, including the final exam, in order to achieve a passing grade (D- or higher).

#### Deferred Finals

Students who do not write the final examination because of illness or other circumstances beyond their control may apply for to write a deferred final examination by contacting the Registrar's Office no later than three working days after the original final examination was scheduled. In the event that a student writes a deferred examination, the deferred examination will carry the same weight as the final examination in determining the course grade. Any deferred examination will not be identical to the original final examination.

Deferred finals (which must be applied for at the RO) are only available if the student is in good standing in the course.

#### E-Proctoring

E-proctoring will not be used for evaluations in this course.

## Plagiarism, Resources and Mental Health, Academic Accommodations

You are responsible for reading and knowing the information about plagiarism, Carleton University resources, and academic accommodations found [HERE](#).