Department of Economics
Carleton University

ECON 3878 A – Behaviour, Incentives and Markets,

2021 Fall: the course takes place online in a hybrid synchronous and asynchronous form.

Instructor Contact Information

Professor: Radovan Vadovic

Email: radovan.vadovic@carleton.ca

Meetings:

Synchronous sessions:

- via BigBlueButton and/or Zoom (you should be ready and comfortable using both); these sessions will not be recorded.
- 45-60 minutes in duration and will take place weekly from 11:35-12:35.
- you must register your Zoom account using your Carleton email. Webcam not required.
- this class time will be used to for purposes course material, answering questions, playing instructional games, showing simulations, checking with students on their progress with the class project.
- Zoom link will be provided on Brightspace.

Asynchronous part: pre-recorded lectures posted weekly on Brightspace.

Online office hours: I will be available online every week on BigBlueButton and/or Zoom on Tuesdays between 1 and 2:30pm or by appointment.

The first class of the semester: BigBlueButton

Prerequisites

First year standing. First-year standing or higher; prior coursework in economics is not required. Good working knowledge of algebra and familiarity with graphs/chats and reading and interpreting tables will be very helpful.

Course Description

From the moment we wake up until the time we go to bed our lives are governed by incentives. Some incentives are beyond our control (e.g., the urge to take a breath), but others can be altered or manipulated to achieve more favorable outcomes (e.g., the incentive to get vaccinated). This course surveys some of the modern theories of decision-making and explores the interplay between behaviour and incentives. The emphasis is on how the insights from economic and behavioural analysis are applied in practice. We will take the perspective of an economic engineer by first studying how individuals make decisions and then examining the performance of various incentive schemes across a broad spectrum of applications. Fundamental concepts from economics and statistics will be introduced and discussed as we go along.

Tentative outline of topics:

1. Value: what is it?
2. Information: does information have value?
3. Incentives and motivation: what do we mean by that?
4. Allocation (who gets what): markets, price formation and competition.
5. Types of markets: commodity, asset, auctions, prediction, betting, matching, etc…
6. Charities and fundraising.
7. Word of mouth and reputation systems.
8. Voting mechanisms.
9. Behavioural nudging.

Readings

There is no required textbook.

The course material will consist of the following items:

1. Required assigned readings (will be posted on Brightspace);

2. Weekly lecture videos recorded in Kaltura and posted on Brightspace;

3. Lecture notes/slides including the material from the video lectures. You must have a functional version of MS Word and MS Excel on your computer;

4. Other notes and spreadsheets containing extra material (if I feel I need to provide extra material on various topics).

Helpful resource:

Free online textbook: The Economy (https://www.core-econ.org/the-economy/book/text/0-3-contents.html)

Examinations and Grading Policy

Class Participation:	10%
Four written assignments + peer evaluation:	60%
Take-home final examination:	30%
(2 hours in duration; date will be posted well in advance)	

Each evaluation item will be graded on a 100-point scale. The final scores will be combined using the weights above and then translated into an alphabetical final grade in accordance with the percentage equivalents described in the Undergraduate Calendar. If you have any questions about any graded assignment, please contact the instructor no later than 2 weeks after your grade has been posted on Brightspace.

Students who can document a compelling reason for failing to submit a graded assignment on time will be accommodated, and the weight of this assignment will then be spread over the remaining graded items in that category. Students must inform the instructor of their circumstances regarding missing a deadline in advance, if possible.

Failing to submit an assignment on the due date, by midnight of Ottawa time (ET), will carry a penalty of 10% per day for the next 5 days. After that, the score will drop to 0%.

Written assignments: About every three weeks I will select one economic concept that was discussed in the lecture and your task will be to search the media space – newspapers, magazines or blogs – for a credible news article form business/finance setting that discusses the assigned concept. The article cannot mention the assigned concept by name. Depending on the type of context or topic you may be asked to search academic literature. More detail on these assignments will be provided in class.

These assignments will be completed in groups. For each of the four assignments I will randomly assign two or three (or more, depending on the number of students in the class) students to work together as a team.

You will submit write up of no less than 2 pages and no more than 3 pages in which you:

1. summarize the content of the article;
2. explain how assigned concept relates to the situation discussed in the article; and
3. whether the claims in the article are consistent or inconsistent with the concepts discussed in the class.
4. You will find one credible and reputable[1] academic article that supports or refutes the claims your chosen article.

Some flexibility regarding these guidelines may be afforded upon request. The evaluation will be based on the degree to which the assignment is: correct, challenging and unique. 25% of the overall grade for the four assignments will depend on the evaluation of your work by your group members. The guidelines for peer evaluations will be provided and posted on Brightspace.

Participation: Each time I collect a record of your participation in any type of class activity, such as, you turn in an assignment with a passing grade or you participate in a game or class exercise, you earn a participation point. Your participation score will be calculated as the number points earned during the term divided by the number of total points possible.

Satisfactory performance criteria: Students must fulfil all of the preceding course requirements in order to achieve a passing grade (D- or higher). Failing performance on participation and bi-weekly assignments class component (without a documented compelling reason) will result in a grade of FND ("Failure with No Deferred final examination allowed"). Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of ABS ("ABSent from a required final examination"). Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean. Application to write a deferred final examination must be made at the Registrar's Office.

Other policies

Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For information on how to do so, please see "Pammett on Plagiarism and Paraphrasing" at www.carleton.ca/economics/courses/writing-preliminaries.

[1] I will give further directions in class on what this means.

Classroom teaching and learning activities, including lectures, discussions, presentations, etc., by both instructors and students, are copy protected and remain the intellectual property of their respective author(s). All course materials, including PowerPoint presentations, outlines, and other materials, are also protected by copyright and remain the intellectual property of their respective author(s).

Students registered in the course may take notes and make copies of course materials for their own educational use only. Students are not permitted to reproduce or distribute lecture notes and course materials publicly for commercial or non-commercial purposes without express written consent from the copyright holder(s).

Other University Policies

For policies on academic accommodations regarding pregnancy obligation, religious obligation, academic accommodations for students with disabilities, survivors of sexual violence, please consult https://students.carleton.ca/course-outline.

Also consult equity services at www.carleton.ca/equity/accommodation, the Paul Menton Centre at www.carleton.ca/pmc/students/accommodations, and the Undergraduate Calendar at calendar.carleton.ca/undergrad/undergraduniversity/selectedsenatepolicies.