Behavioral Economics and the Economics of Altruism

Prof. Tae-Young Pak, Sungkyunkwan University

SHORT COURSE DESCRIPTION

Behavioral Economics and the Economics of Altruism introduces students to the ways real people think, choose, and interact, often in ways that differ from standard economic predictions. The course begins with the foundations of behavioral economics, including how intuition and reasoning shape choices, how preferences shift depending on context, and why common biases influence judgment. Students then examine how people evaluate risk, make decisions over time, and struggle with self-control in everyday life. In the final part of the course, we turn to social preferences—fairness, reciprocity, generosity, and concerns about inequality—and consider why individuals often act with others in mind, not just themselves. Through the lectures and discussions, students will gain a clear understanding of how real people make economic decisions and how these insights can inform better choice environments and policy design.

READING MATERIALS

Required text: None; lecture notes will be provided.

Supplementary references: This is a list of textbooks that will be referenced during the course. You may need to consult them occasionally.

- Kahneman, D., *Thinking, Fast and Slow*, 2013.
- Ariely, D., *Predictably Irrational: The Hidden Forces That Shape Our Decisions*, 2010.
- Thaler, R., *Misbehaving: The Making of Behavioral Economics*, 2015.
- Thaler, R., and Sunstein, C., *Nudge*, 2009.

COURSE REQUIREMENTS AND GRADING

Students are encouraged to engage and participate in the classes. Lectures will be delivered in a traditional lecture-based format, but the course will also incorporate brief discussions and occasional demonstrations to facilitate learning. Prior exposure to elementary economics is recommended, though not required. Student performance will be evaluated by attendance, behavioral intervention design, and exams. All ISS classes are pass/fail based on the student academic achievement evaluated by grades on a scale of 100 points (grade of 60 or above is Pass). The final score will be based on the following,

Attendance	10%
Behavioral intervention design	30%
Midterm exam	30%
Final exam	30%

Attendance: Students are required to attend a minimum of 80% of all classes (i.e., missing four sessions will result in automatic failure of the course).

Behavioral intervention design: Students will be given a decision context and asked to suggest a behavioral intervention that can address the problem and improve outcomes. Using the concepts covered in class, students will diagnose the underlying behavioral challenges and develop a practical redesign of the choice environment. This assignment may be completed in small groups, and teams will submit a brief report that explains the problem and outlines their proposed intervention.

Exams: There will be two exams: a midterm and a final. The exams will be open-book and consist of short response questions and essay type questions. The exams are not cumulative, but they do require a good understanding of the previous materials.

Academic Honesty: Students at SKKU are expected to maintain integrity and uphold the standards of conduct befitting a scholarly community. SKKU holds its students to a higher standard than the minimum required to avoid disciplinary measures. Academic misconduct encompasses any form of dishonesty in academic matters, as well as knowingly or intentionally assisting, attempting to assist, or conspiring to assist another student in such actions. Any instance of academic misconduct will result in an automatic failing grade for the course.

COURSE SCHEDULE

– WEEK I –

Monday (29 June)
Orientation, syllabus review
Fundamentals of rational choice

Tuesday (30 June)
Dual-system theory: System 1 and system 2 thinking

Wednesday (1 July)
Relative nature of preferences

Thursday (2 July)
Contextual influences on preference formation

– WEEK II –

Monday (6 July)
Emotion and economic decision-making

Tuesday (7 July)
Heuristics and biases

Wednesday (8 July)
Expected utility hypothesis and prospect theory

Thursday (9 July)
Expected utility hypothesis and prospect theory (continued)

– WEEK III –

Monday (13 July)
Time preference and hyperbolic discounting

Tuesday (14 July)
Self-control and impatience

Wednesday (15 July)

Social preferences

Thursday (16 July)
Inequality and preference

– WEEK IV–

Monday (20 July)
Neuroeconomics

Tuesday (21 July)
Nudge and default effect

Wednesday (22 July)
Behavioral policy design