

## Course Descriptions NonDegree 2013-2014

Course Title Behavioural Economics (IB/IBE)  
 Course Code EBC2080  
 ECTS Credits 6,5  
 Assessment Whole/Half Grades

Period	Start	End	Mon	Tue	Wed	Thu	Fri
1	2-9-2013	25-10-2013		X			X

Level Intermediate

Coordinator Matt Embrey For more information: [m.embrey@maastrichtuniversity.nl](mailto:m.embrey@maastrichtuniversity.nl)

Language of instruction English

Goals The goal of the course is to provide the students with the necessary sensitivity when applying theoretical models. After the course students should be able to identify the most important concepts describing reasons why humans deviate from behaviour predicted by the commonly used model of the homo oeconomicus.

Description The traditional model of the homo oeconomicus is ubiquitous in microeconomic theory. Economic agents are assumed to be rational utility maximizers with self-regarding preferences and unlimited processing capacities. Common sense and the results of experiments show that this is not always the case. Often people behave differently than predicted by theory. In the course, we will deal with the following problem statements:

- 1) When does microeconomic theory apply and when does it lose its predictive power?
- 2.) If it does not apply, what concepts and models can be used to either extend or to substitute the current theory in order to describe human behaviour?

Specifically we will discuss the following issues:

- Non-expected utility theory,
- Intertemporal choice
- Social preferences,
- Reciprocity,
- Levels of analytical reasoning
- The role of mistakes

In addition, we will touch on the following topics:

- Mental accounting
- Heuristics
- Neuroeconomics

Literature There is no one textbook that will cover the course. References and papers will be made available to the students at the beginning of the course.

Prerequisites Microeconomics  
 . Ability and willingness to think analytically  
 While the course seeks to critic the standard microeconomic theory, this will done in a constructive manner. That is, we will investigate in detail why the standard model might fail, and what extensions or alternative might be used instead. Consequently, we will use, and develop further, the formal tools of analysis you would have learned from your second year microeconomics course. In addition:  
 . Basic game theory is helpful, but not necessary (simple equilibrium concepts such as (pure and mixed strategy) Nash equilibrium and subgame perfect Nash equilibrium).  
 . Exchange students need to major in Business.  
 an advanced level of English

Teaching methods PBL

Assessment methods Final Paper / Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

This course belongs to the following programme / specialisation

Bachelor Economics and Business Economics	Economics Electives
Specialisation International Business Economics	
Bachelor International Business	Economics Electives
SBE Exchange Bachelor	Bachelor Courses
SBE Exchange Master	Bachelor Courses
SBE Non Degree Courses	Bachelor Courses