# ECON 4060 Choice Theory and Economic Ethics: Good, Bad and Happiness

**Instructor**: Yangwei Song

**Lecture:** MWF 10:20-11:10 a.m.

**Office Hours**: M 8:00 am to 9:30 am

**Requisites**: Intermediate Microeconomic Theory, Calculus, Statistics

**Course Description**:

How do individuals make choices? In economics, it is standard to assume that individuals are perfectly rational, self interested utility maximizers with unlimited cognitive abilities. What does this mean and is it true? In many cases, this standard model provides a good approximation to the types of behavior that economists are interested in. However, psychologists, experimental and behavioral economists have documented ways in which the standard model fails to explain people's choices. The goal of this course is to understand how individuals make choices and their implications.

**Course Content**:

1. Introduction
2. Preference and Choice
3. Choice under Risk
4. Choice under Uncertainty
5. Bounded Rationality
6. Intertemporal Choice
7. Dynamic Inconsistency
8. Temptation and Self Control
9. Reference Dependent Preferences
10. Other Preferences

**Readings**:

- N. Wilkinson. An introduction to behavioral economics. Palgrave Macmillan, 2007
- A. Rubinstein. Lecture Notes in Microeconomic Theory
- D. Kreps. Notes on the Theory of Choice. Westview Press, 1988

**Grading Policy**:

Participation 5% + Quizzes 40% + Research Project 55%

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