AIM AND SCOPE

Traditional economics considers decision makers as ‘optimizers’ who always make rational choices. Using insights from psychology, behavioral economics provides an extensive body of evidence contradicting the notion of the *homo economicus* and identifies distinct limitations – among others – related to attention, memory, and self-control that systematically have an effect on the choices we make. In this seminar, we will first consider some of the behavioral approaches (e.g., different incentives, bounded rationality and choice architecture, information framing, pro-social and -environmental behavior, and time preferences) that try to understand and explain human behavior in a more realistic way than the traditional theory does. Hence, we will consider deviations from rationality and study recent scientific articles that look at situations in the energy and environmental domain. We will examine the literature that delves into how behavioral biases play a role when the decision-making concerns energy use and environmental behavior. Finally, we will discuss how these findings might inform energy and environmental policy.

ORGANIZATION

The seminar will take place in a blocked format on June 18 and 19, 2020 at the E.ON Energy Research Center (Room 00.23), Mathieustraße 10 (Campus Melaten).

This seminar targets at students studying in the B.Sc. programs in Business Administration and Economics. For participation, basic knowledge in microeconomics and econometrics is required. We also welcome students from other disciplines with a sound background in economics. The maximum number of participants is restricted to 18. Registration for this seminar is compulsory, as is participation in the pre-meeting.

SEMINAR STRUCTURE

We will cover a list of research articles, consisting of new studies written on the intersection of behavioral, energy, and environmental economics. All students are required to read the article written by Allcott and Mullainathan (2010), Chetty (2015) together with the book chapter written by Elke Weber, which provide a broad review of the relevance of behavioral economics in public policy and especially in energy and environment applications. Moreover, we expect students to benefit from the four review books as well as the method book listed further below for the seminar work.

Students are required to (i) submit an essay two weeks before the seminar takes place, which summarizes the topic of an assigned paper. During the seminar, every student is expected to (ii) present this assigned paper and (iii) discuss another paper. A week after the seminar, students must hand in (iv) a short research proposal. Moreover, students are expected to (v) actively participate in the discussions during the seminar.

(i) The essay should give more than just a simple summary of the assigned paper. You should introduce and motivate your essay by discussing the relevance of the topic chosen, provide what the other studies in this thematic area have already done, and describe the original contribution of the assigned paper. In addition to this, you should deliver a summary of the main findings and include your
own critical discussion - which can be either positive or negative (but constructive) - of the assigned paper.

(ii) The presentation should focus on the main results of the assigned article and how it relates to the other relevant literature.

(iii) The critical discussion of another participant's assigned article should enable starting a general discussion, i.e., you might discuss the shortcomings and policy implications of the article.

(iv) The research proposal should describe an independent research idea/question and should depict an outlook on the research design to address this research question.

(v) The active participation in the discussions during the seminar is evaluated based on the relevance of the content.

Grading will be based on the items (i) through (v). 66.6% of your final grade will be based on the items i+ii+v, the other 33.3% on the remaining items (iii+iv).

We will discuss further details during the pre-meeting, which will take place on March 5 at 10:00 a.m. at the E.ON Energy Research Center (Room 00.23), Mathieustraße 10 (Campus Melaten).

LITERATURE

Compulsory Reading


Review Books


Method Book


Seminar Articles

The following list of articles is subject to changes. The final literature list will be communicated with the participants before the pre-meeting.
Social Norms and Different Incentives


Consumer Choice


Information Provision and Feedback


Nudging (Choice Setting)


Limited Attention


**FURTHER INFORMATION**

You will find further information at the FCN homepage (www.fcn.eonerc.rwth-aachen.de) and in the L2P eLearning platform. For the remaining questions related to the organization, please contact Sabine Schill via e-mail (post_fcn@eonerc.rwth-aachen.de) and for the questions related to the content Ayse Tugba Atasoy, M.Sc. (tatasoy@eonerc.rwth-aachen.de).