Bowdoin College
Department of Economics
Spring 2023

ECON 3559: The Behavioral Economics of Affective Polarization

"If there is a point to educating people in psychology, it's to make them less judgmental." — Daniel Kahneman

Time & Class Location: T, R 2:50-4:15, VAC 303
Professor: Dan Stone
Email: dstone@bowdoin.edu. Feel free to email me questions.
Office & Drop-in Hours: Hubbard 108; M, W 2:15-4:00. Also happy to meet by appointment.

Prerequisites: Intermediate micro (Econ 2555) and statistics (Econ 2557) or equivalent. (Exclusions: Econ 3533, Behavioral Economics, and Econ 3355, Behavioral Econ Theory)

Course description:
This course will cover the main topics of behavioral economics—the study of violations of neoclassical economic assumptions that people optimize stable and purely self-interested objective functions—with a focus on applications to the study of affective polarization in US politics. Affective polarization, as I use the term, refers to polarization of feelings between two groups or individuals (as opposed to polarization of opinions or beliefs). The course is based on a book that I've written on the behavioral economics of affective polarization that is scheduled to be published in May of this year (*Undue Hate: A Behavioral Economic Analysis of Hostile Polarization in US Politics and Beyond*). I will provide all students with a (free) PDF copy—please don't share this with others outside the class; eventually there will be an open access e-version of the book.

Some, maybe most, of you might be wondering: why is there an *economics* course (and book) on affective polarization? **In a nutshell, the course and book are about the many ways in which affective polarization tends to be irrational. And behavioral econ is, to put it crudely, the study (by economists) of irrationality.** As the book explains, affective polarization is driven by beliefs, and a major topic in behavioral economics is systematic biases in belief formation. The book also discusses how behavioral game theory and other behavioral econ topics (e.g., "other-regarding preferences" (preferences for the well-being of others, or lack thereof) and social influence) can be used to understand affective polarization. As you will see, many, though not all, major topics in behavioral economics have applications to affective polarization.

More generally, behavioral economics is an especially interdisciplinary approach to economics involving extensive overlap with other social sciences, and affective polarization is an inherently interdisciplinary topic, studied by scholars across the social sciences. My research focus in recent years has been to show how tools from behavioral economics can be used to better understand affective polarization and I'm excited to have the chance to talk to you about this work in this class.

Learning goals:
The primary learning goals are for you to learn the fundamental concepts and models of behavioral economics, and how these concepts help to explain affective polarization. Other goals are for you to improve your understanding of belief formation and decision-making in your own lives (both decisions by friends, family, and other people you interact with, and your own decisions). I also hope this class might even help you to reduce undue affective polarization, political or otherwise, in your own lives. A final goal for the class is to improve your research and communication skills, both written and oral, and your comfort participating in group discussions.

Format:
The course is divided into five parts. The first three of these correspond to different sections of *Undue Hate*; the fourth is on major topics from behavioral economics that are not directly related to affective polarization. Each of these four units concludes with a "medium stakes" in-class quiz.

The fifth part of this course (which you will start work on earlier in the semester) consists of work on individual research projects, culminating with both a presentation and a paper. The papers will be approximately 10 pages, and the presentations approximately 10-15 minutes. The topic of each project should be related to affective polarization, and the paper should apply and demonstrate knowledge of behavioral econ concepts covered throughout the semester. Topics might include things like conducting additional analysis of existing data sets used for affective polarization research (there are many of these), proposals for new research, or deep and focused reviews of research on specific topics not yet covered in detail in the course. More info on guidelines for the project to come.

Discussion and readings:
Since this is a seminar, you'll be expected to participate in class discussions regularly. This will enhance your class experience and learning—the more you participate, the more engaged and focused you'll be. You'll learn more, and you'll help others (and me) learn more. I may ask you to post comments to Canvas for some readings. (If you need to miss a class, please post or share with me additional comments on the reading before class—more info on this to come.)

Given the political nature of course content, some discussions may touch on sensitive topics. Hopefully this reminder is unnecessary, especially given the topic of our course (*undue* hostility), but please be mindful of always maintaining respect for everyone in the classroom during these discussions. Please assume everyone in class is doing their best to understand the topic at hand—and I hope you do always feel welcome to share your own respectfully stated opinions.

The schedule of readings is below. If I have to modify this I'll do my best to give you ample notice. I recommend writing down any particular comments or questions that occur to you while doing the reading that might be worth sharing with the class. I will sometimes give you discussion questions to consider in advance. More info to come on exactly how participation grades will be determined.

Grading and communication:
Your course numeric grade will be calculated as follows:

Participation	10% each for pre and post-spring break; 20% total
Quizzes	10% each; 40% in total
Outline	5%
Presentation	10%
Paper	25%

I use a 10 point scale for letter grades with 3 point increments for +/- grades (>=93.0 = A; >=90.0 and < 93 = A-, >= 87.0 and < 90 = B+, etc) with some grades potentially curved upward. Don't hesitate to come to my office hours or let me know any time you'd like to discuss anything or if you feel you need additional feedback. If you have questions on how you are doing grade-wise at any point during the semester, let me know. All course documents and grades will be posted to Canvas or emailed to you. I'll provide you with an online form to provide anonymous (constructive!) feedback *to me* throughout the semester.

Books:
Require books: *Undue Hate* (see above)
Thinking, Fast and Slow, Daniel Kahneman, 2011 (2002 Econ Nobel laureate)
The Righteous Mind: Why Good People Are Divided by Politics and Religion, Jonathan Haidt, 2012

Other books and articles we'll draw readings from:
The Scout Mindset (Julia Galef, 2021)
Why We're Polarized (Ezra Klein, 2020)
Breaking the Social Media Prism (Chris Bail, 2020)
Misbehaving (Richard Thaler, 2015)
Nudge: The Final Edition (Thaler and Sunstein, 2022)
The Power of Us (Van Bavel and Packer, 2021)
I Never Thought of It That Way (Guzmán, 2022)
Conflicted (Leslie, 2021)
"Selection neglect and political beliefs" (Brundage et al, 2022, WP)
"Megastudy identifying successful interventions to strengthen Americans' democratic attitudes" (The Strengthening Democracy Challenge; Voekel et al, 2022, WP)
"Present bias: Lessons learned and to be learned" (O'Donoghue and Rabin, 2015, AEA P&P)
"Social image and econ behavior in the field" (Bursztyn, 2017, Econ Annual Reviews)
"Slow to anger and fast to forgive" (Dreber et al, 2012, AER)
"The Economics of Fairness, Reciprocity and Altruism – Experimental Evidence and New Theories." (Fehr and Schmidt, 2005, Handbook of Reciprocity, Gift-Giving and Altruism.)

Course schedule and readings (subject to revision)
24-Jan   Syllabus; brief history and definition of behavioral econ

Part I: Basic biases

26-Jan 'Psych 101', Kahneman, Introduction, Chs 1-4 and 6-7 ("Two Systems")

31-Jan Kahneman, Chs 10-13 ("Heuristics and Biases"): law of small numbers, availability

2-Feb Kahneman, Chs 14-17 ("Heuristics and Biases" ctd): representativeness, conjunction fallacy, misunderstanding regression to the mean

7-Feb *Undue Hate*, Introduction and Ch 1 ("Affective Polarization Bias: Theory")

9-Feb *Undue Hate*, Ch 2 ("Affective Polarization Bias: Evidence")

14-Feb *Undue Hate*, Ch 3 ("Overarching Biases"), David Foster Wallace "This is Water": overprecision, motivated reasoning

16-Feb **Quiz 1;** start Haidt (Introduction, Part II (Chs 5-8)

Part II: Theories

21-Feb Moral Foundations Theory, Haidt (Introduction, Part II (Chs 5-8) "There's More to Morality than Harm and Fairness"); see Curry (2020), "What is the relationship between morals and politics?" for discussion of critiques

23-Feb *Undue Hate*, Ch 4 ("Tastes and Truth"): how naïve realism and false consensus bias cause disagreements in general to lead to undue dislike

28-Feb Klein, Ch 8 ("When Bipartisanship Becomes Irrational"); *Undue Hate*, Ch 5 ("Strategy and Repeated Interactions"), p.85-97:

2-Mar No class (I'm out of town for conference). Readings on repeated games, social preferences: Dreber et al; Fehr and Schmidt

7-Mar *Undue Hate*, Ch 5 ctd, p.98-117

9-Mar **Quiz 2**

Spring break (!)

Part III: Theories ctd and solutions

28-Mar Info: Bail, Ch 1 ("Legend of the Echo Chamber"); *Undue Hate*, Ch 6 ("Information"), p.119-134

30-Mar *Undue Hate*, Ch 6 ctd, p.135-148; Brundage et al; Bursztyn (social learning & image concerns)

4-Apr Galef, Ch 3 ("Why Truth Is More Valuable Than We Realize"), *Undue Hate* Ch 7

6-Apr Voekel et al (Strengthening Democracy Challenge)

11-Apr **Quiz 3;** start Kahneman, Chs 25-28

Part IV: Other topics in behavioral economics

13-Apr Prospect theory, Kahneman, Chs 25-28; reference dependence, loss aversion, endowment effect

18-Apr Prospect theory ctd, Kahneman, Chs 29-34: Probability weighting, framing

20-Apr Intertemporal choice/present bias, Misbehaving, Ch 11-12

25-Apr Intertemporal choice ctd (partial and full naivete), O'Donoghue and Rabin, 2015, AER P&P

27-Apr **Quiz 4**

Part V: Student presentations and papers

2-May Catch-up/work on research projects; **outlines due**

4, 9-May Student presentations

Final paper due date: TBD