Behavioral Finance  
Econ 2728  
Spring 2014  
Catalog Number: 8633  

Andrei Shleifer  

Course Overview:  
This course provides an overview of recent theoretical and empirical work on asset pricing that adopts a “behavioral” perspective—i.e., that considers the joint consequences of: i) investors who have either less-than-fully rational beliefs or non-standard preferences; and ii) various impediments to arbitrage.  

Meeting time and location:  
Wednesdays 1:30 – 3:30 PM  
Science Center 110  

Instructor:  
Andrei Shleifer, Littauer M-9, ashleifer@harvard.edu, Ph. 5-5046  
Teaching Assistant: Vladimir Mukharlyamov, mukharly@fas.harvard.edu  
Office hours: email nbiefer@fas.harvard.edu for an appointment.  

Course web site:  
http://www.registrar.fas.harvard.edu/courses-exams/course-catalog/economics-2728-behavioral-finance
Overview:

Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Lecture</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 29</td>
<td>Lecture 1</td>
<td>Introduction</td>
</tr>
<tr>
<td>Feb 5</td>
<td>Lecture 2</td>
<td>Limited Arbitrage</td>
</tr>
<tr>
<td>Feb 12</td>
<td>Lecture 3</td>
<td>Value Investing</td>
</tr>
<tr>
<td>Feb 19</td>
<td>Lecture 4</td>
<td>Bubbles, Extrapolation, Positive Feedback</td>
</tr>
<tr>
<td>Feb 26</td>
<td>Lecture 5</td>
<td>Prospect Theory - Nicholas Barberis (Guest)</td>
</tr>
<tr>
<td>March 5</td>
<td>Lecture 6</td>
<td>Debt Markets – Samuel Hanson (Guest)</td>
</tr>
<tr>
<td>March 12</td>
<td>Lecture 7</td>
<td>Heterogeneous Beliefs – Alp Simsek (Guest)</td>
</tr>
<tr>
<td>March 19</td>
<td>No Lecture</td>
<td>Spring Break</td>
</tr>
<tr>
<td>March 26</td>
<td>Lecture 8</td>
<td>Introduction to the Financial Crisis</td>
</tr>
<tr>
<td>April 2</td>
<td>Lecture 9</td>
<td>Securitization – Erik Stafford (Guest)</td>
</tr>
<tr>
<td>April 9</td>
<td>Lecture 10</td>
<td>Investment – Malcolm Baker (Guest)</td>
</tr>
<tr>
<td>April 16</td>
<td>Lecture 11</td>
<td>Stereotypes – Pedro Bordalo (Guest)</td>
</tr>
<tr>
<td>April 23</td>
<td>Lecture 12</td>
<td>Flows</td>
</tr>
<tr>
<td>April 30</td>
<td>Lecture 13</td>
<td>Money Management and the Growth of Finance</td>
</tr>
</tbody>
</table>

Requirements and grading:
The requirements for the course include six referee reports on shared papers, to be emailed to Vladimir by midnight, the day before class. In lieu of a final exam, there will be a take-home referee report.
Behavioral Finance Preliminary Reading List

The textbook for the course:


All published papers are available on Hollis E – Journals or JSTOR unless noted. Those not available through the library will be on the course home page and/or in hardcopy.

Lecture 1 - Introduction, Jan 29


Lecture 2 - Limited Arbitrage - Feb 5


(REFEREE REPORT #1 due)

Lecture 3 – Value Investing – Feb 12


**Lecture 4 - Bubbles, Extrapolation, Positive Feedback - Feb 19**


(REFEREE REPORT #2 due)

**Lecture 5 - Prospect Theory - Nicholas Barberis (Guest) - Feb 26**


**Lecture 6 - Behavioral Debt – Samuel Hanson (Guest) - Mar 5**

(REFEREE REPORT #3 due)


**Lecture 7 - Heterogeneous Beliefs – Alp Simsek (Guest) – Mar 12**


**Lecture 8 - Introduction to the Financial Crisis – Mar 26**


**Lecture 9 – Securitization – Erik Stafford (Guest) - Apr 2**


(REFEREE REPORT #5 due)

**Lecture 10 - Investment – Malcolm Baker (Guest) – Apr 9**


**Lecture 11 – Stereotypes – Pedro Bordalo (Guest) – Apr 16**


**Lecture 12 - Flows - April 23**


REFEREE REPORT #6 due

**Lecture 13 – Money Management and The Growth of Finance – April 30**


