Sample exam questions

1. Please explain what framing effects are, and how they can be understood based on prospect theory (Kahneman & Tversky, 1979) - (1 point).

2. In the paper "Preference reversals between joint and separate evaluations of options" (Hsee, Loewenstein, Blount, & Bazerman, 1999) there is a clear distinction between decision utility en experience utility. Please explain what factor you think can help explain the distinction between both types of utility. Propose an experimental design that would allow you to test your explanation empirically – (2 points).

3. Person X is a cabdriver in Brussels. One rainy Saturday, things are going particularly well. Specifically, within only a couple of hours, person X earned what s/he usually earns during an entire Saturday. Person X decides to stop working around noon, and to go home. Is person X making a rational decision? Please explain – (2 points).

4. In attachment you will find the following paper: Johnson, E.J., & Goldstein, D. (2003). Do defaults save lives? *Science, 302*, 1338-1339.

Please study this paper thoroughly. Provide critical comments based on your knowledge of Behavioral Economics– (3 points).

In general, the exam will look like this: There will be one theoretical question (1 point), one question to design an experiment allowing you to test a particular problem (2 points), one question to provide an explanation of an everyday-behavior or situation based on the course (2 points), and there will be one short paper that you will be asked to comment on, based on your knowledge of Behavioral Economics.