SYLLABUS
Thursday 4:40 – 7:10, Location Soc Sci 327

Professor J.A.Forlines III jaf55@duke.edu Office Hours: *By appointment and look for Announcements through Sakai for additional opportunities; I'll have some time most Wednesday afternoons as well as each Thursday prior and after class-- email me and copy* jangraham@jaforlinesfamilyoffice.com *. Remember your final project topic is the product of brainstorming in class, among peers and in Office Hours.* **Office: SocSci 326, right next to classroom.**

Course Synopsis

In this course, we will discuss how lessons from Shakespeare's plays can provide insight into human behavior in today's financial markets as well as other marketplaces, such as ones for ideas, politics, policy and technology. Plays will include *The Tempest*, *Julius Caesar*, *As You Like It*, **and others. We will draw lessons about policy errors, cultural and political dislocation, regime changes, demographic conflicts etc. in current financial, political and macroeconomic environments. We will also talk about human biases in decision-making, and how these transcend cultural and historic boundaries. An important component of this class is learning how to integrate themes from classical literature to better understand past & current socioeconomic trends. An example is technology's crucial role in human innovation and its relation to risk-taking. At the core, this class is about the human decision-making process and the behavioral, cultural and economic factors that influence it.**

Assignments and Grading

The course will be graded on the basis of one in-class exam (20%), a final project (40%), and class participation (40%). The class participation grade includes a in-class presentation. *Also note the "Assignment" sections throughout the Course Outline below, as most of them call for specific student input in or before a class. This activity is included in the class participation grade percentage.*

 Final Project

The project should be a minimum 20 slide PowerPoint deck, or 15-20-minute video. Please note the following deadlines. Students will have the opportunity discuss their intended topic(s) with me any time prior to **November 11, which is date to finalize Project Topic choices; (the earlier in semester, the better!); Final presentations due in November 21 and December 5 classes.**

Class participation

In-class participation is an integral part of the course. Students are encouraged to challenge statements made either by myself or other students, and to post on the Sakai forum relevant articles that they find in the popular press or elsewhere. *Each student will also present a 3-5-minute summary of her/his key findings in class during the last two weeks of the semester. This summary will be counted toward the overall class participation grade.*

Exam

The in-class exam in October is to make sure you have digested the behavioral finance elements of the course and to help you creatively connect them to the plays we have read so far. If you have participated in class and read the material, this should be fun and enlightening.

Texts and Articles

Required Reading

- **The New Folger Editions of *The Tempest*, *The Winter's Tale*, *Henry V*, *Julius Caesar* and *As You Like It* are the most accessible and best-edited editions--$5 at Amazon.com. The Bantam Classics (otherwise known as the Bevington editions) are also very good.**

- ***Thinking Fast and Slow*, Daniel Kahneman, Farrar, Straus and Giroux 2011 (now in paperback)**

- ***1599: A Year in the Life of William Shakespeare,* Faber and Faber 2005 (also available in paperback)**

- ***Finance and the Good Society,* Robert J. Shiller*, Princeton, 2012**

Additional required, optional and light reading in the form of handouts will be available on Sakai and I will notify you when they are posted…Please check Sakai regularly!

The course outline (below) indicates which sections of the reading are particularly relevant to various topics that we will cover during the semester. **You are required to review the indicated sections of the reading prior to class, as we will discuss them during the class.**

I strongly encourage you to read *as many of the required and optional reading selections* as early as possible during the semester, so that when you review individual sections prior to a particular class, you are able to put those sections into context*. Hint: The optional readings are either fun, highly topical and/or otherwise add context to the course—and they help you discover your Project topic!*

Optional reading

Nudge, Richard Thaler & Cass Sunstein, Penquin, 2008 (highly recommended)
The Book of Why, Pearl & Mackenzie, Basic Books, 2018 (highly recommended)
The Post American World, Fareed Zakaria, Norton, 2008
Think Twice, Michael Mauboussin, Harvard Business Press, 2012

Course Weekly Map (Subject to change, watch Sakai Announcements)

Section 1: Introduction [Week 1: 8/29]

Let's lay out a framework for connecting the genius of Shakespeare's character construction to the behaviors that have always been present in decision-making and, more specifically, to decision-making in financial, policy and political markets.

Assignment: Be prepared to talk about your expectations for the course and which parts—Shakespeare, behavioral economics/psychology or markets—are of special interest to you.

Required Reading: Thinking Fast and Slow, Kahneman, pages 1-50 *& Appendix B; 1599: A Year in the Life of William Shakespeare, 1-49; also* see Week 1 handouts in Sakai-Resources tab*.*

Section 2: *The Tempest* [Weeks 2&3: 9/5, 9/12]

The magic and mayhem in emerging markets have created only the latest of global economic imbalances. China is the emerging leader in this era but note this is the second time: it emerged in the 800's as a world power, and then receded. Will Trump's anti-globalization actions doom US to same fate? And will the spread of Nationalism lead other developed countries down a similar path?

Why do many people truly "never learn" in relation to decision-making, and what is it about our cognitive systems that betray us in examining normal, abnormal and surprising situations? Have you had or contemplated a "shipwreck" in your own life?

Assignments:

Week 2 (9/5): Examine and be prepared to discuss a recent event in your life that was consequential; was there a cause and have you changed your assessment of the cause over time? ***Book your tickets to see live Shakespeare scenes at West Point on the Eno. 9/5-9/21, Thursdays-Saturdays. Your "review" will count as one of the in-class essays. Link:*** *https://dime.io/events/heads-will-roll*

 Week 3 (9/12*):* Be prepared to discuss how you would lead China or the US from an economic and markets perspective over the next five years. What would Prospero do?

Required Readings:

Week 2 (9/5): *The Tempest (All); Thinking Fast and Slow,* Kahneman*, pages 59-78; Finance and the Good Society*, Robert J. Shiller, Princeton, 2012, pages 130-150

Week 3 (9/12*): Finance and the Good Society*, *Shiller*, pages 187-208; *1599: A Year in the Life of William Shakespeare,* pages 282-317*.*

Section 3: *Winter's Tale* & *Hamlet* [Weeks 4&5: 9/19, 9/26]

We will use these two plays as springboards to explore current cultural, political and economic dislocation in the US, European Union, Russia and its client states. Other topics include the powerful effects of framing and heuristics such as anchoring and availability in making choices.

In the second week we will look at policy mistakes, fear and malaise in developed markets and how nations react to change. From an economic perspective, we will discuss planning and regression fallacies in decision-making.

Assignments:

Week 4 (9/19)

1) Watch the *Shakespeare Uncovered* version of *Hamlet*—Royal Shakespeare Company with David Tennant (the entire play version with Tennant and Patrick Stewart is available on Amazon Prime)

http://proxy.lib.duke.edu/login?url=http://fod.infobase.com/PortalPlaylists.aspx?wID=100473&xtid=58745

1) Pick a passage from *Winter's Tale* or *Hamlet* to read aloud which illustrates a behavioral bias or heuristic in week 4 of this section

Week 5 (9/26) *Be prepared to discuss:* Have any of you, friends or family had a Leontes "moment?" If not, describe how you counsel someone who has. What's the most beautiful visual object you have ever seen or imagined? A sunset? A painting or other art work? Something else in or of nature?

Required Readings:

Week 4 (9/19): *The Winter's Tale (all); Thinking Fast and Slow,* Kahneman, pages 79-174;

Week 5 (9/26): *Thinking Fast and Slow,* Kahneman, pages 174-254; *1599: A Year in the Life of William Shakespeare,* pages 50-66.

Section 4: *Henry V +Prep for Midterm Exam* [Weeks 6,7& 8: 10/3, 10/10, 10/17]

 The outlook for parliamentary democracies, the U.S. two party system and the impact on the global economy. Optimism as the engine of capitalism and "the Fourfold Pattern" (a model for decision-making) will be discussed. It's a major key to midterm & just about all the behavioral science in this course.

Assignments:

Week 6 (10/3): Be prepared to discuss how the war-making power of sovereigns and national leaders have evolved over time. In this light, what kind of king is Harry? What are the behavioral biases involved in his actions?

Week 7 (10/10) We finish *Henry V* with an examination of the "Four-Fold Pattern" of decision making--Review readings to-date and handouts focusing on behavioral concepts. *Review material to-date for 10/17 in- class exam*

Week 8 (10/17): *One- hour(ish) mid-term in-class, followed by some fun, TBD*

Required reading: Weeks 6,7& 8:

 Henry V (all); Thinking Fast and Slow, Kahneman, pages 255-321*; 1599: A Year in the Life of William Shakespeare*, pages 67-118; *selected handouts on Sakai/Resources*

Section 5: *Julius Caesar* [Weeks 9 &10:10/24,10/31]

Regime changes and their effects on global economies; topics include US elections, Russian meddling, Crimea annexation, continuing turmoil in the Middle East, global energy policy and currency wars. Rare events, reversals and perspectives on risk taking are discussed in the context of human decision-making.

Assignments:

Week 9 (10/24): Come to class prepared to compare and contrast the US political environment today to the one portrayed in *Julius Caesar.* Be ready to discuss the aftermath of the 2016 US elections in relation to "Republic to Empire" theme for this section.

Week 10 (10/31): What are the parallels/contrasts to US Presidential Democracy you can draw from *Julius Caesar*?

Required readings:

Week 9 (10/24): *Julius Caesar* (all); *"The Way Forward: Moving From the Post-Bubble, Post-Bust Economy to Renewed Growth and Competitiveness",* Alpert, Hockett, Roubini *2011* (Handout)

Week 10 (10/31): *Thinking Fast and Slow,* Kahneman*, pages 322-374; Finance and the Good Society*, Shiller, *pages 57-74; 1599: A Year in the Life of William Shakespeare* pages 119-192

Section 6: *As You Like It/Twelfth Night* [Weeks 11,12: 11/7, 11/14]

Can money buy happiness? What is the difference between happiness and "experienced well-being?" We review the first Section concept "What You See Is All There Is" (as the basic human decision framework), and the concept of our two selves. We'll also cover wealth effects relating to life and happiness.

We'll use two of Shakespeare's best loved comedies, *As You Like It* (we'll read) and *Twelfth Night* (we'll watch) to discuss the difference between happiness and "experienced well-being," an economic concept, and vital in settings where "the

greater good" is a hotly debated topic. We review the first Section concept "What You See Is All There Is" (as the basic human decision framework), and our "two selves" as we reflect on our own journeys, particularly yours after University.

This section is where you will home in on your final project topic

Assignments: **Note Office Hours Friday 11/8-- Final Project choices due 11/10**

Week 11 (11/7): Watch *Twelfth Night* on GlobePlayer
https://globeplayer.tv/videos/twelfth-night ; *read As You Like It (all);*

Come to class prepared to discuss critical framing issues in As You Like It. Can you explain the "two selves" rationale as a function of Shakespearean characterizations? Can you explain it in terms of decisions you have made in your own life? Finally, think about a decision you have made this semester where you were consciously trying to turn your System 1 process off.

Week 12 (11/14): Short oral essay to be delivered in class-*2 minutes each, 4 Questions:* what is your definition of happiness? How is your decision-making process connected to it? Then answer these same questions assuming one of the following roles: 1) Big Data/A.I. researcher, 2) a consultant, banker or lawyer and 3) either a corporate or non-profit CEO.

Required readings:

Week 11 (11/7): *As You Like It (all);*
Thinking Fast and Slow, Kahneman*, pages 377-397; Finance and the Good Society*, Shiller, pages 103-118*; 1599: A Year in the Life of William Shakespeare* pages 212-279.

Week 12 (11/14): *Thinking Fast and Slow,* Kahneman*, pages 398-418; Finance and the Good Society*, Robert J. Shiller, pages 219-239; *1599: A Year in the Life of William Shakespeare,* pages 359-373.

Section 7: Conclusions and Thinking About Life*: [Weeks13,14, 11/21, 12/5]*

In our last two classes for the semester we will try to make sense of the links from Literature & Culture to Economics to Finance to Life. And in the final week and 1/2, you'll tell us about your Projects

Week 13 (11/21): We will summarize our findings for the semester***; those students who are ready can begin Project summaries, see below for details***;

Week 14: Students will deliver 5-10-minute presentations summarizing their Project topics or any topic relative to their learning and/or experiences in this course. ***Final Projects can be delivered "as is" in class this Thursday or you can email final version by Tuesday December 9 by midnight. I know what poison I'd pick.***