

**Subject Description Form**

<b>Subject Code</b>	AF1B01
<b>Subject Title</b>	Economic Logic in Everyday Life
<b>Credit Value</b>	3
<b>Level</b>	1
<b>Normal Duration</b>	1-semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	None
<b>Role and Purposes</b>	The objective of this course is to make economics comprehensible and appealing, by unraveling the apparent complexity of economic outcomes (Outcomes 3 and 8). It aims to make seemingly difficult economic concepts accessible to students who have no prior training or background in economics.
<b>Intended Learning Outcomes</b>	Upon completion of the subject, students will be able to: (a) comprehend basic economic concepts from a wide range of readings; (b) investigate systematically and critically real-world economic issues and outcomes; (c) develop an enduring ability towards tackling economic choices in everyday life; and (d) apply economic decision-making skills towards analytical reasoning and problem-solving in other related disciplines.
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>Topic 1: The Lessons in Economics</b> Scarcity and value; Thinking marginally; Incentives and consequences; Costs and efficiency; Gains from exchange.</p> <p><b>Topic 2: Thinking Strategically</b> Anticipation and strategy; Cooperation and cheating; Threats and bluffs in conflicts; Brinkmanship and commitment.</p> <p><b>Topic 3: Power of Markets</b> Price as signal; Trade-offs and choices; Market equilibrium, Efficiency and fairness.</p> <p><b>Topic 4: Government Intervention</b> Market Failure: Externalities and Public Goods; Regulation: Rent control, Minimum Wages; Market vs Government Failure.</p> <p><b>Topic 5: Economics of Information</b> Hidden information and action; Market for used cars; Insurance markets; Education as a signal; Managerial pay and performance.</p>

	<p><b>Topic 6: Financial Markets</b> Stocks and information; Diversification; Reward for risk; Animal spirits.</p> <p><b>Topic 7: Social Preferences and Norms</b> Altruism; Fairness; Inequity Aversion; Reciprocity.</p> <p><b>Topic 8: Psychology of Choice: Heuristics</b> Behavioral economics; Dual cognitive systems; Bounded rationality, Predictable heuristics and biases in judgement.</p> <p><b>Topic 9: Psychology of Choice: Time Inconsistency</b> Discounting: Exponential vs Hyperbolic, Time inconsistency, Projection bias, Pre-commitment and self-control.</p>																																																				
<b>Teaching/Learning Methodology</b>	Lectures will explain, emphasize and apply the key concepts. In tutorials, students will demonstrate their ability to examine real-world economic issues and outcomes, using the insights gained from the lecture and the readings.																																																				
<b>Assessment Methods in Alignment with Intended Learning Outcomes</b>	<table border="1" data-bbox="492 835 1507 1318"> <thead> <tr> <th data-bbox="492 835 816 1003" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="816 835 971 1003" rowspan="2">% weighting</th> <th colspan="6" data-bbox="971 835 1507 934">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="971 934 1060 1003">a</th> <th data-bbox="1060 934 1149 1003">b</th> <th data-bbox="1149 934 1239 1003">c</th> <th data-bbox="1239 934 1328 1003">d</th> <th data-bbox="1328 934 1417 1003"></th> <th data-bbox="1417 934 1507 1003"></th> </tr> </thead> <tbody> <tr> <td data-bbox="492 1003 816 1108">1. Group assignment and presentation</td> <td data-bbox="816 1003 971 1108">30%</td> <td data-bbox="971 1003 1060 1108">√</td> <td data-bbox="1060 1003 1149 1108">√</td> <td data-bbox="1149 1003 1239 1108">√</td> <td data-bbox="1239 1003 1328 1108">√</td> <td data-bbox="1328 1003 1417 1108"></td> <td data-bbox="1417 1003 1507 1108"></td> </tr> <tr> <td data-bbox="492 1108 816 1178">2. Test</td> <td data-bbox="816 1108 971 1178">20%</td> <td data-bbox="971 1108 1060 1178">√</td> <td data-bbox="1060 1108 1149 1178">√</td> <td data-bbox="1149 1108 1239 1178">√</td> <td data-bbox="1239 1108 1328 1178">√</td> <td data-bbox="1328 1108 1417 1178"></td> <td data-bbox="1417 1108 1507 1178"></td> </tr> <tr> <td data-bbox="492 1178 816 1247">3. Examination</td> <td data-bbox="816 1178 971 1247">50%</td> <td data-bbox="971 1178 1060 1247">√</td> <td data-bbox="1060 1178 1149 1247">√</td> <td data-bbox="1149 1178 1239 1247">√</td> <td data-bbox="1239 1178 1328 1247">√</td> <td data-bbox="1328 1178 1417 1247"></td> <td data-bbox="1417 1178 1507 1247"></td> </tr> <tr> <td data-bbox="492 1247 816 1318">Total</td> <td data-bbox="816 1247 971 1318">100 %</td> <td colspan="6" data-bbox="971 1247 1507 1318"></td> </tr> </tbody> </table>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c	d			1. Group assignment and presentation	30%	√	√	√	√			2. Test	20%	√	√	√	√			3. Examination	50%	√	√	√	√			Total	100 %						
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<b>Student Study Effort Expected</b>	Class contact:																																																				
	▪ Lecture						26 Hrs.																																														
	▪ Tutorials						13 Hrs.																																														
	Other student study effort:																																																				
	▪ Self study and homework preparation						72 Hrs.																																														
	Total student study effort						111 Hrs.																																														
<b>Reading List and References</b>	<p><i>Hidden Order: The Economics of Everyday Life</i> by David D. Friedman. Harper Paperbacks (1997).</p> <p>Harford, Tim (2006). <i>The Undercover Economist</i>. Random House Trade Paperbacks.</p>																																																				

<p><i>Naked Economics: Undressing the Dismal Science</i> by Charles J. Wheelan. W. W. Norton &amp; Company (2003).</p> <p>Harford, Tim (2008). <i>The Logic of Life: The Rational Economics of an Irrational World</i>. New York: Random House.</p> <p>Malkiel, Burton G. (2007). <i>A Random Walk Down Wall Street: The time tested strategy for successful investing</i>. W. W. Norton &amp; Co.</p> <p>Frank, R. H. (2007). <i>The Economic Naturalist</i>. New York: Basic Books.</p> <p>Ariely, Dan (2008). <i>Predictably Irrational: The Hidden Forces that Shape our Decision</i>, New York: HarperCollins</p> <p>Kahneman, Daniel (2012). <i>Thinking, Fast and Slow</i>, Penguin.</p>
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