

### Subject Description Form

<b>Subject Code</b>	AF1BN01
<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 stimulate interest in economics, by contextualizing it in terms of how it influences both consciously and sub-consciously, the choices and decisions we all make as part of our daily lives. Towards this the aim is to unravel the apparent complexity of economic decisions, by enabling the processes underlying economic thinking, accessible to even those who might have no prior training or background in economics.
<b>Intended Learning Outcomes</b>	Upon completion of the subject, students will be able to:  (a) examine the process underlying thinking like an economist; (b) apply the lessons from economic decision-making to choices in other domains; (c) analyze the influence of social and psychological factors on our economic behavior; (d) develop our ability to make prudent decisions in daily life
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>Topic 1: The Lessons in Economics</b> Cognitive systems and economic thinking; Scarcity, value and opportunity cost; Thinking marginally; Cost-Benefit analysis; 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> Demand and Supply; Price as signal; Market equilibrium; Market efficiency and fairness.</p> <p><b>Topic 4: Market Failure and Public Policy</b> Externalities; Public goods; Regulation: Rent control; Public policy (unintended) consequences.</p> <p><b>Topic 5: Economics of Information – Uncertainty</b> Uncertainty, assets and financial markets; Systematic vs. unsystematic risk; Reward for risk; Portfolios and diversification.</p> <p><b>Topic 6: Economics of Information - Asymmetry</b> Hidden information and action; Market for used cars; Insurance markets; Education as a signal; Managerial pay and performance.</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> Dual cognitive systems and behavioral economics; Predictable heuristics and biases in judgement.</p> <p><b>Topic 9: Psychology of Choice - Time Inconsistency</b> Hyperbolic discounting and present bias; 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="488 684 1507 1255"> <thead> <tr> <th data-bbox="488 684 818 852" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="818 684 976 852" rowspan="2">% weighting</th> <th colspan="6" data-bbox="976 684 1507 785">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="976 785 1062 852">a</th> <th data-bbox="1062 785 1148 852">b</th> <th data-bbox="1148 785 1234 852">c</th> <th data-bbox="1234 785 1320 852">d</th> <th data-bbox="1320 785 1406 852"></th> <th data-bbox="1406 785 1507 852"></th> </tr> </thead> <tbody> <tr> <td data-bbox="488 852 818 919">1. Group Presentation</td> <td data-bbox="818 852 976 919">10%</td> <td data-bbox="976 852 1062 919">√</td> <td data-bbox="1062 852 1148 919">√</td> <td data-bbox="1148 852 1234 919">√</td> <td data-bbox="1234 852 1320 919">√</td> <td data-bbox="1320 852 1406 919"></td> <td data-bbox="1406 852 1507 919"></td> </tr> <tr> <td data-bbox="488 919 818 987">2. Written Report</td> <td data-bbox="818 919 976 987">15%</td> <td data-bbox="976 919 1062 987">√</td> <td data-bbox="1062 919 1148 987">√</td> <td data-bbox="1148 919 1234 987">√</td> <td data-bbox="1234 919 1320 987">√</td> <td data-bbox="1320 919 1406 987"></td> <td data-bbox="1406 919 1507 987"></td> </tr> <tr> <td data-bbox="488 987 818 1054">3. Class Participation</td> <td data-bbox="818 987 976 1054">10%</td> <td data-bbox="976 987 1062 1054">√</td> <td data-bbox="1062 987 1148 1054">√</td> <td data-bbox="1148 987 1234 1054">√</td> <td data-bbox="1234 987 1320 1054">√</td> <td data-bbox="1320 987 1406 1054"></td> <td data-bbox="1406 987 1507 1054"></td> </tr> <tr> <td data-bbox="488 1054 818 1121">4. Midterm Test</td> <td data-bbox="818 1054 976 1121">15%</td> <td data-bbox="976 1054 1062 1121">√</td> <td data-bbox="1062 1054 1148 1121">√</td> <td data-bbox="1148 1054 1234 1121">√</td> <td data-bbox="1234 1054 1320 1121">√</td> <td data-bbox="1320 1054 1406 1121"></td> <td data-bbox="1406 1054 1507 1121"></td> </tr> <tr> <td data-bbox="488 1121 818 1188">5. Examination</td> <td data-bbox="818 1121 976 1188">50%</td> <td data-bbox="976 1121 1062 1188">√</td> <td data-bbox="1062 1121 1148 1188">√</td> <td data-bbox="1148 1121 1234 1188">√</td> <td data-bbox="1234 1121 1320 1188">√</td> <td data-bbox="1320 1121 1406 1188"></td> <td data-bbox="1406 1121 1507 1188"></td> </tr> <tr> <td data-bbox="488 1188 818 1255">Total</td> <td data-bbox="818 1188 976 1255">100 %</td> <td colspan="6" data-bbox="976 1188 1507 1255"></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 Presentation	10%	√	√	√	√			2. Written Report	15%	√	√	√	√			3. Class Participation	10%	√	√	√	√			4. Midterm Test	15%	√	√	√	√			5. Examination	50%	√	√	√	√			Total	100 %						
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<b>Student Study Effort Expected</b>	<p>Class contact:</p> <ul style="list-style-type: none"> <li>▪ Lecture</li> <li>▪ Tutorials</li> </ul> <p>Other student study effort:</p> <ul style="list-style-type: none"> <li>▪ Self study and homework preparation</li> </ul> <p>Total student study effort</p>						<p>26 Hrs.</p> <p>13 Hrs.</p> <p>75 Hrs.</p> <p>114 Hrs.</p>																																																														
<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>																																																																				

Harford, Tim (2008). *The Logic of Life: The Rational Economics of an Irrational World*. New York: Random House.

Malkiel, Burton G. (2007). *A Random Walk Down Wall Street: The time tested strategy for successful investing*. W. W. Norton & Co.

Frank, R. H. (2007). *The Economic Naturalist*. New York: Basic Books.

Ariely, Dan (2008). *Predictably Irrational: The Hidden Forces that Shape our Decision*, New York: HarperCollins

Kahneman, Daniel (2012). *Thinking, Fast and Slow*, Penguin.