

ECO301 Behavioural Economics and Social Good

Level: 3

Credit Units: 5 Credit Units

Language: ENGLISH

Presentation Pattern: EVERY REGULAR SEMESTER

Synopsis:

ECO301 Behavioural Economics and Social Good studies the psychological limitations that could influence economic decision making. Insights in behavioural economics have provided new decision-making models to help us understand how choices are made in the presence of risk and uncertainty, and where the key economic assumption of rationality is limited in the real-world. Behavioural economics will also be applied to better understand preferences that are not self-directed/interested, or preferences that are inconsistent over time. Lastly, students will learn about behavioural game theory and applications of behavioural economics in policy and beyond to advance social good (e.g., organ donation and status quo biases, energy bill and reference points, altruism).

Topics:

- Decision-making under risk and uncertainty
- The prospect theory and loss aversion
- Bounded rationality, decision heuristics and biases
- Mental accounting
- Intertemporal choice and time discounting
- Present-biased preferences
- Other-regarding preferences and altruism
- Fairness and reciprocity
- Behavioural game theory
- Bounded rationality in financial markets
- Applications of behavioural decision theory
- Applications of behavioural economics in policy and beyond, for social good, sustainability, and the environment

Textbooks:

ECO301 Study Guide (UDC - SUSS)

ISBN-13: SG-2056

Learning Outcome:

- Examine decision-making models under risk and uncertainty, including explaining and applying the prospect theory
- Discuss mental accounting and the non-fungibility of money
- Deconstruct behaviours of habits and addiction using models of intertemporal choice
- Analyse behaviours that contradict economic predictions, supported by theories such as bounded rationality and decision heuristics
- Apply bounded rationality explanations to financial market observations
- Demonstrate behavioural economics principles to applications and policies that can advance social good, including principles of fairness, time-inconsistencies, and game theory

Assessment Strategies - Regular Semester (Evening Class):

Components	Description	Weightage Allocation (%)
Overall Continuous Assessment	PRE-CLASS QUIZ 1	2
	PRE-CLASS QUIZ 2	2
	PRE-CLASS QUIZ 3	2
	PARTICIPATION 1	12
	GROUP BASED ASSIGNMENT 1	32
Overall Examinable Components	Written Exam	50
Total		100

*The information listed is subject to review and change.