

Subject Description Form

Subject Code	AF1BN01
Subject Title	Economic Logic in Everyday Life
Credit Value	3
Level	1
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	The aim of this course is to unravel the apparent complexity of economic outcomes, by making seemingly difficult economic concepts accessible to even those who might have no prior training or background in economics. The objective 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
Intended Learning Outcomes	Upon completion of the subject, students will be able to: (a) comprehend a wide range of economic concepts; (b) examine critically real-world economic issues and outcomes; (c) apply economic decision-making skills towards analytical reasoning; and (d) develop an ability towards prudent decision-making in everyday life
Subject Synopsis/ Indicative Syllabus	<p>Topic 1: The Lessons in Economics Cognitive systems and economic thinking; Scarcity, value and opportunity cost; Thinking marginally; Cost-Benefit analysis; Gains from exchange.</p> <p>Topic 2: Thinking Strategically Anticipation and strategy; Cooperation and cheating; Threats and bluffs in conflicts; Brinkmanship and commitment.</p> <p>Topic 3: Power of Markets Demand and Supply; Price as signal; Market equilibrium; Market efficiency and fairness.</p> <p>Topic 4: Market Failure and Public Policy Externalities; Public goods; Regulation: Rent control; Public policy (unintended) consequences.</p> <p>Topic 5: Economics of Information – Uncertainty Uncertainty, assets and financial markets; Systematic vs. unsystematic risk; Reward for risk; Portfolios and diversification.</p> <p>Topic 6: Economics of Information - Asymmetry Hidden information and action; Market for used cars; Insurance markets; Education as a signal; Managerial pay and performance.</p>

	<p>Topic 7: Social Preferences and Norms Altruism; Fairness; Inequity Aversion; Reciprocity.</p> <p>Topic 8: Psychology of Choice - Heuristics Dual cognitive systems and behavioral economics; Predictable heuristics and biases in judgement.</p> <p>Topic 9: Psychology of Choice - Time Inconsistency Hyperbolic discounting and present bias; Projection bias, Pre-commitment and self-control.</p>																																																																				
Teaching/Learning Methodology	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.																																																																				
Assessment Methods in Alignment with Intended Learning Outcomes	<table border="1" data-bbox="492 684 1505 1255"> <thead> <tr> <th data-bbox="492 684 816 852" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="816 684 971 852" rowspan="2">% weighting</th> <th colspan="6" data-bbox="971 684 1505 785">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="971 785 1060 852">a</th> <th data-bbox="1060 785 1149 852">b</th> <th data-bbox="1149 785 1239 852">c</th> <th data-bbox="1239 785 1328 852">d</th> <th data-bbox="1328 785 1417 852"></th> <th data-bbox="1417 785 1505 852"></th> </tr> </thead> <tbody> <tr> <td data-bbox="492 852 816 919">1. Group Presentation</td> <td data-bbox="816 852 971 919">10%</td> <td data-bbox="971 852 1060 919">√</td> <td data-bbox="1060 852 1149 919">√</td> <td data-bbox="1149 852 1239 919">√</td> <td data-bbox="1239 852 1328 919">√</td> <td data-bbox="1328 852 1417 919"></td> <td data-bbox="1417 852 1505 919"></td> </tr> <tr> <td data-bbox="492 919 816 987">2. Written Report</td> <td data-bbox="816 919 971 987">10%</td> <td data-bbox="971 919 1060 987">√</td> <td data-bbox="1060 919 1149 987">√</td> <td data-bbox="1149 919 1239 987">√</td> <td data-bbox="1239 919 1328 987">√</td> <td data-bbox="1328 919 1417 987"></td> <td data-bbox="1417 919 1505 987"></td> </tr> <tr> <td data-bbox="492 987 816 1054">3. Class Participation</td> <td data-bbox="816 987 971 1054">15%</td> <td data-bbox="971 987 1060 1054">√</td> <td data-bbox="1060 987 1149 1054">√</td> <td data-bbox="1149 987 1239 1054">√</td> <td data-bbox="1239 987 1328 1054">√</td> <td data-bbox="1328 987 1417 1054"></td> <td data-bbox="1417 987 1505 1054"></td> </tr> <tr> <td data-bbox="492 1054 816 1121">4. Midterm Test</td> <td data-bbox="816 1054 971 1121">15%</td> <td data-bbox="971 1054 1060 1121">√</td> <td data-bbox="1060 1054 1149 1121">√</td> <td data-bbox="1149 1054 1239 1121">√</td> <td data-bbox="1239 1054 1328 1121">√</td> <td data-bbox="1328 1054 1417 1121"></td> <td data-bbox="1417 1054 1505 1121"></td> </tr> <tr> <td data-bbox="492 1121 816 1188">5. Examination</td> <td data-bbox="816 1121 971 1188">50%</td> <td data-bbox="971 1121 1060 1188">√</td> <td data-bbox="1060 1121 1149 1188">√</td> <td data-bbox="1149 1121 1239 1188">√</td> <td data-bbox="1239 1121 1328 1188">√</td> <td data-bbox="1328 1121 1417 1188"></td> <td data-bbox="1417 1121 1505 1188"></td> </tr> <tr> <td data-bbox="492 1188 816 1255">Total</td> <td data-bbox="816 1188 971 1255">100 %</td> <td colspan="6" data-bbox="971 1188 1505 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	10%	√	√	√	√			3. Class Participation	15%	√	√	√	√			4. Midterm Test	15%	√	√	√	√			5. Examination	50%	√	√	√	√			Total	100 %						
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Student Study Effort Expected	<p>Class contact:</p> <ul style="list-style-type: none"> ▪ Lecture ▪ Tutorials <p>Other student study effort:</p> <ul style="list-style-type: none"> ▪ Self study and homework preparation <p>Total student study effort</p>						<p>26 Hrs.</p> <p>13 Hrs.</p> <p>75 Hrs.</p> <p>114 Hrs.</p>																																																														
Reading List and References	<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 & 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.