

Subject Description Form

Subject Code	AF1B01
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 objective of this course is to examine and illuminate the economic logic underlying our everyday decision-making, by unraveling the apparent complexity of economic outcomes. It aims to foster prudent choices in our daily lives, by making seemingly difficult economic concepts more accessible.
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) develop economic skills benefiting academic and career pursuits in future; (d) apply economic thinking towards prudent decision-making in everyday life
Subject Synopsis/ Indicative Syllabus	<p>Topic 1: The Lessons in Economics Scarcity and value; Thinking marginally; Incentives and consequences; Costs and efficiency; 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 Price as signal; Trade-offs and choices; Market equilibrium, Efficiency and fairness</p> <p>Topic 4: Government Intervention Market Failure: Externalities and Public Goods; Regulation: Rent control, Minimum Wages; Market vs Government Failure.</p> <p>Topic 5: Economics of Information Hidden information, screening and signaling; Market for lemons and insurance; Education as signaling; Hidden action and moral hazard; Performance, outcomes and pay</p> <p>Topic 6: Financial Markets Stocks and information; Reward for risk; Portfolio diversification; Valuation</p>

	<p>Topic 7: Social Preferences and Norms Altruism; Fairness; Inequity Aversion; Reciprocity; Market vs. Social norms</p> <p>Topic 8: Psychology of Choice: Heuristics Behavioral economics; Dual cognitive systems; Bounded rationality, Predictable heuristics and biases in judgement.</p> <p>Topic 9: Psychology of Choice: Time Inconsistency Discounting: Exponential vs Hyperbolic, Time inconsistency, Projection bias, Pre-commitment and self-control.</p>																																																						
<p>Teaching/Learning Methodology</p>	<p>Lectures are designed to facilitate understanding and critical analysis of key economic concepts that underlie prudent decision-making. They are also meant to develop the ability to critically examine economic issues and phenomena. In tutorials, students will demonstrate their ability to apply economic concepts towards decision-making and to examine real-world economic issues and outcomes, using the insights gained from the lecture and the readings. Lectures will incorporate blended learning approaches, including e-tivities, in order to create an active learning environment.</p>																																																						
<p>Assessment Methods in Alignment with Intended Learning Outcomes</p>	<table border="1" data-bbox="492 835 1507 1329"> <thead> <tr> <th data-bbox="492 835 816 1010" rowspan="2">Specific assessment methods/tasks</th> <th data-bbox="816 835 971 1010" rowspan="2">% weighting</th> <th colspan="6" data-bbox="971 835 1507 940">Intended subject learning outcomes to be assessed (Please tick as appropriate)</th> </tr> <tr> <th data-bbox="971 940 1060 1010">a</th> <th data-bbox="1060 940 1149 1010">b</th> <th data-bbox="1149 940 1239 1010">c</th> <th data-bbox="1239 940 1328 1010"></th> <th data-bbox="1328 940 1417 1010"></th> <th data-bbox="1417 940 1507 1010"></th> </tr> </thead> <tbody> <tr> <td data-bbox="492 1010 816 1115">1. Group assignment and presentation</td> <td data-bbox="816 1010 971 1115">30%</td> <td data-bbox="971 1010 1060 1115">√</td> <td data-bbox="1060 1010 1149 1115">√</td> <td data-bbox="1149 1010 1239 1115">√</td> <td data-bbox="1239 1010 1328 1115"></td> <td data-bbox="1328 1010 1417 1115"></td> <td data-bbox="1417 1010 1507 1115"></td> </tr> <tr> <td data-bbox="492 1115 816 1188">2. Test</td> <td data-bbox="816 1115 971 1188">20%</td> <td data-bbox="971 1115 1060 1188">√</td> <td data-bbox="1060 1115 1149 1188">√</td> <td data-bbox="1149 1115 1239 1188">√</td> <td data-bbox="1239 1115 1328 1188"></td> <td data-bbox="1328 1115 1417 1188"></td> <td data-bbox="1417 1115 1507 1188"></td> </tr> <tr> <td data-bbox="492 1188 816 1262">3. Examination</td> <td data-bbox="816 1188 971 1262">50%</td> <td data-bbox="971 1188 1060 1262">√</td> <td data-bbox="1060 1188 1149 1262">√</td> <td data-bbox="1149 1188 1239 1262">√</td> <td data-bbox="1239 1188 1328 1262"></td> <td data-bbox="1328 1188 1417 1262"></td> <td data-bbox="1417 1188 1507 1262"></td> </tr> <tr> <td data-bbox="492 1262 816 1329">Total</td> <td data-bbox="816 1262 971 1329">100 %</td> <td colspan="6" data-bbox="971 1262 1507 1329"></td> </tr> </tbody> </table>							Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)						a	b	c				1. Group assignment and presentation	30%	√	√	√				2. Test	20%	√	√	√				3. Examination	50%	√	√	√				Total	100 %								
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<p>Reading List and References</p>	<p>Mankiw, Gregory M. (2014). <i>Principles of Microeconomics</i>. Cengage Learning.</p> <p>Dixit, Avinash K., Susan Skeath & David H. Reiley Jr. (2014). <i>Games of Strategy</i>. W. W. Norton & Co.</p>																																																						

	<p>Harford, Tim (2009). <i>The Logic of Life: The Rational Economics of an Irrational World</i>. 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 & Co.</p> <p>Ariely, Dan (2010). <i>Predictably Irrational: The Hidden Forces that Shape our Decision</i>. Harper Perennial.</p> <p>Kahneman, Daniel (2013). <i>Thinking, Fast and Slow</i>. Farrar. Straus and Giroux.</p>
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