

COURSE DESCRIPTION (GENERAL DESCRIPTION)

Course title: Behavioural economics

Course code: PSZM2-TS-108

Head of the course: Ujhelyi Adrienn

Aim of the course

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Behavioral Economics as a discipline was born and has become very popular in recent decades. Its' base statement is that the traditional economic assumption that an individual seeks to maximize utility and make rational decisions could not be satisfactorily describe and predict economic decisions. Decision-making models based on psychological principles, descriptions that also take into account cognitive limitations, emotions and social aspects can more effectively explain and predict the economic behavior and decisions of individuals. During the course, we will introduce these psychological models, theories and principles, analyze some specific issues of economic behavior, and then discuss what tools can be used to help people make decisions that are more in line with their interests (nudge).

Learning outcomes, competences

- Knowledge of the most important paradigms, theories and concepts of behavioral economics
- Identifying the key differences between traditional and behavioral economics
- Understanding of related methodological issues

attitude:

- Critical analysis of traditional economics
- understanding the contribution of psychology to economics
- ability to put theoretical knowledge into practice

skills:

- design practical nudges in order to influence people's behavior
- understand and avoid social engineering tricks

autonomy/ responsibility:

- Self-employed implementation of knowledge and skills in the field of behavioral economics in accordance with ethical standards

Content of the course

Topics of the course

- rational choice theory vs. real life decisions
- cognitive biases in probabilistic judgment, inconsistent and uncertain nature of preferences, manipulability of consumer and other decisions
- dilemmas of consumer society: the destabilizing effect of too many choices, the harmful consequences of overconsumption
- decisions for the future: the power of self-regulation and self-control, the ability to defer rewards, the willingness to save up
- the role of expectations, emotions, and norms in decision making
- factors influencing the assessment of the risk, acceptance or rejection of the risk

Learning activities, learning methods

- frontal lectures
- interactive discussion on specific issues
- small group assignments

Evaluation of outcomes

Learning requirements, mode of evaluation, criteria of evaluation: requirements

- Attendance at the lecture is mandatory (same rules apply as for seminars).
- In the first half of the course, we will discuss the basic concepts and theories of behavioral economics in the form of lectures, and in the remaining weeks we will proceed in the form of student lectures. The presentations will be prepared by two people, selected from the books below:
 - Ariely, Dan: Payoff
 - Berger, Jonah: Invisible influence or The Catalyst
 - Gladwell, Malcolm: Blink
 - Graeber, David: Bullshit jobs
 - Schwartz, Barry: Paradox of choice
 - Thaler, Richard H.: Misbehaving

mode of evaluation: kollokvium

- Attendance and active participation are required. You should not be absent more than 3 times from classes. Additional requirements: a presentation in pairs (60%) and a midterm (40%).
- • 90-100% - excellent (5); 75-89% - good (4); 60% -74% average (3); 50-59% satisfactory (2); 0-49% failed (1)

Reading list

Compulsory reading list

The midterm is based on the lectures and the following books:

- Ariely, Dan: Payoff
- Berger, Jonah: Invisible influence or The Catalyst
- Gladwell, Malcolm: Blink
- Graeber, David: Bullshit jobs
- Schwartz, Barry: Paradox of choice
- Thaler, Richard H.: Misbehaving

Lesson outlines and other aids, as well as the written exam are available on the course's elearning site: <http://canvas.elte.hu>