



Module Title: Behavioural Economics

Module Code: ECU33124

Module Name: Behavioural Economics

- **ECTS Weighting:** 5
- **Semester/Term Taught:** Semester 2
- **Contact Hours:** 22 hours of lectures and 4 hours of tutorials
- **Module Personnel:** Lecturer: Prof. Yuen Ho

*Please note that this module outline is under construction and its assessment method is subject to change.

Module Learning Aims:

Standard economic theory assumes that individuals make choices to maximize their utility, using the information available, and acting in their own self-interest. However, experiments in both the psychology and economics literature show that individuals are time-inconsistent, care about others, form “irrational” expectations, and use heuristics to solve complex problems. These deviations can be systematic, mathematically modelled, empirically tested, and incorporated into economics. The implications of these new assumptions for economic analysis and understanding will be explored.

Module Learning Outcomes:

On successful completion of this module, you will be able to:

- Think about economic decision-making in a psychologically richer way while maintaining the rigor of economic analysis.
- Identify basic psychological phenomena that are most important for economics.
- Recognise how these phenomena can be observed from simple decisions and understand how to capture them in economic terms.
- Analyse and draw insights from behavioural economic models.
- Synthesize a broad range of empirical evidence from behavioural economics and apply the main concepts from this field to a variety of contexts.

Module Content:

The central aim of the course is to present key theoretical models and related empirical evidence on core topics in behavioural economics. Throughout the course, we will discuss applications of these concepts across a variety of fields, such as development economics, environmental economics, health economics, labour economics, and political economy. We will also consider implications for consumers, firms, and the design of effective policies. The key topics discussed include:



- Choices over time (time-inconsistency, self-control, commitment devices).
- Decision making under uncertainty (prospect theory, reference dependence, loss aversion).
- Social preferences (altruism, social norms, social image concerns, bias and discrimination).
- Belief formation (motivated and mistaken inference, overconfidence, self-deception).
- Bounded rationality in decision making (limited attention, selective learning, heuristics).

Recommended Reading List:

Readings, including academic papers, book chapters, and other background readings, will be provided by the lecturer. A detailed reading list will be provided at the start of the term.

Module Pre-Requisite: ECU22011 and ECU22031 and ECU22032 or equivalent

Module Co-Requisite:

Assessment Details:

- Problem sets (10%)
- Research paper (35%)
- In-person final exam (55%)

Module Website:

Blackboard