



Syllabus

Academic Year	2021/2022
Program	Politics: Philosophy and Economics
Course	Behavioural economics and psychology
Term	II semester
Year	1
SSD	SECS-P/01 - Economia politica
Credits	8

INSTRUCTIONAL GOALS	<p>This course aims at providing students with an up-to-date introduction to the main themes of behavioral economics and its applications. The course will give an overview of the microfoundations of expected utility theory and explore their empirical adequacy.</p> <p>In so doing, tools and theories from psychology will be used, namely dual process account of reasoning and experimental evidence on judgments and decision making.</p> <p>Students will be also able to appraise applications of behavioral findings to the fields of finance and of regulation (nudging).</p> <p>At the end of the course, students will be acquainted with the major results and applications of behavioral economics.</p>
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INTENDED LEARNING OUTCOMES	<p>Knowledge and understanding: The course will offer key concepts and ideas from behavioral economics and psychology, both in the context of decisions and in the context of judgment. Students will be able to appreciate behavioral descriptive theories of choice and judgment against the backdrop of traditional normative theories of rationality such as expected utility theory and Bayesian updating.</p> <p>Applying knowledge and understanding: Students will be able to apply the learned notions to a number of real-life cases and empirical data, drawn both from classic experiments in the field, and from new applications of the behavioral science to public policy.</p> <p>Making judgements: Students will be able to understand the bounds of traditional normative models, which will improve their analytical and decision-making skills. In particular, students will appreciate the importance of taking into account data and the pitfalls of relying on partial data, as it is often intuitively done. Thus, this course not only will expand the conceptual toolbox of students, enabling them to make judgment on a wider area, but will also give students the conceptual tools to avoid common mistakes and ameliorate their judgment skills.</p>
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	<p>Communications Skills: Part of the lectures will be devoted to class discussion, helping students articulate their knowledge and sharpen their communication skills.</p> <p>Learning skills: This course stresses the importance of autonomous learning and will empower students by offer them innovative analytical tools to reason about choices in society and in the economic models on which public policy is based.</p>
Pre-requisites	None.
Course content	The course is divided in three main thematic areas: first, we will review expected utility theory, its microfoundations, and its empirical adequacy; second, we will review prospect theory, analyze its strengths and shortcomings, and illustrate the relevance of some of its elements (loss aversion) to public policy and economic behavior; third, we will review applications of behavioral findings to both behavioral finance and behavioral regulation.
Reference Books	<ul style="list-style-type: none">- Scott Plous: The Psychology of Judgment and Decision Making (required)- Tversky and Kahneman "Rational Choice and the framing of decisions" The Journal of Business, vol.59, n.4 pp. s251-s278- Kahneman, "Maps of Bounded Rationality" (Nobel Prize Lecture)- Quattrone and Tversky, "Contrasting rational and psychological analyses of political choice", The American Political Science Review, Vol. 82, No. 3- Jolls "Behavioral Law and Economics" 2004- Barberis and Thaler: A Survey of Behavioral Finance, par. 1,2,3, pp. 1053-1075.
Teaching Methods	<p>The following teaching methods will be used during the course:</p> <ul style="list-style-type: none">- Lectures- Class Discussion.
Assessment	Midterm and Final Oral Exam.
