Universidad de Navarra

Decision Making in Economics (Gr. Filosofía, Política y Economía)

Guía docente 2026-27

PRESENTACIÓN

Introduction

Course description:

Decision Making in Economics seeks to model choices made by individual agents and thereby serves as an important foundation for the economic study of human behavior. The goal of this class is to understand core concepts in decision theory, to learn how to interpret empirical data and to discuss both the need for formal models and their shortcomings in capturing important psychological factors. Topics will include the definition of rationality, classic and behavioral models of choice, and the role of uncertainty. The general framework is based on the three fundamental trade-offs humans face (in economics): Risk vs. return, today vs. tomorrow, self vs. others. A special emphasis is put on explicitly identifying the underlying assumptions behind commonly used concepts. Interactive components will help students identify ways in which they violate basic assumptions and explore reasons for doing so, as well as ways to overcome easily exploitable choice biases.

- **Title**: Decision Making in Economics
- **Degree:** Philosophy, Politics and Economics - PPE (Undergraduate)
- **Module and field**: Module III: Economics. Field 2: Applied Economics
- **Type of subject:** Required (OB)
- **Number of Credits**: 3 ECTS
- **Year and semester**: 2nd year / 2nd Semester
- **Language**: English
- **Instructor**:
- **Department:** Economics
- **Lecture schedule**: Friday 17-19
- **Aula**:34 Edificio Central
- **Office: 2290 Edificio Amigos**

RESULTADOS DE APRENDIZAJE (Competencias)

Competences

Basic Competences

BC1. Students must demonstrate that they possess and understand knowledge in an area of study based on a general secondary school education whose content often comes from advanced textbooks, but also includes cutting-edge knowledge in this field of study.

BC2. Students must know how to apply their knowledge to their work or vocation professionally and must have the competencies that are usually demonstrated by means of preparing and defending arguments and solving problems within their area of study.

BC3. Students must have the ability to gather and interpret relevant data to make judgments that include a reflection on relevant social, scientific and ethical topics.

BC4. Students must be able to transmit information, ideas, problems and solutions to specialized and general audiences.

General Competences

GC3 Understanding, analysing and critically evaluating the elements that shape human beings and current society in its multiple dimensions: anthropological, historical, cultural, political, social and economic.

GC4 Expressing knowledge and ideas orally and in writing, with rigor, order and creativity; addressing issues and challenges of the economic, political, social and cultural situation of our time.

Specific Competences

SC1 Identify and analyse the most significant elements that make up the different social realities in order to interpret them from a systemic approach, which integrates the areas of knowledge of the Degree (philosophy, politics and economics).

SC3 Assess and contrast the different political, economic and sociological theories that explain the particular organisation of contemporary societies.

SC10 Knowing and using fundamental concepts and methods of Economic Theory, and applying them to the analysis and discussion of real situations.

SC11 Identify and handle the main microeconomic and macroeconomic models that explain economic processes and behaviours.

PROGRAMA

1. INTRODUCTION: RATIONALITY IN ECONOMICS
2. ELEMENTS OF DECISION PROBLEMS
3. MAKING CHOICES WITH ONE OBJECTIVE
4. MAKING CHOICES WITH MULTIPLE OBJECTIVES
5. RISK AND UNCERTAINTY
6. PREFERENCES AND DECISIONS
7. GAMES AND SOCIAL DILEMMAS
8. PSYCHOLOGY AND ECONOMICS (I): REFERENCE-DEPENDENT PREFERENCES AND PROSPECT THEORY
9. PSYCHOLOGY AND ECONOMICS (II): HEURISTICS AND BIASES
10. PSYCHOLOGY AND ECONOMICS (III): TIME INCONSISTENCY
11. READING AND DISCUSSION OF KAHNEMAN'S BOOK "THINKING FAST AND SLOW"

ACTIVIDADES FORMATIVAS

Educational Activities

The course consists of 14 weeks with 2 hours of classroom activities per week. During this time, the professor will provide students with the necessary theoretical knowledge to analyze problems and cases. The minimum commitment will be approximately 5 hours per week for attendance (2 hours), doing the readings, and completing the assignments. The student is responsible for increasing this minimum if deemed necessary.

Lectures (18 hours)

Case studies and activities (10 hours)

In class, problems and cases related to current economic events will be discussed and solved.

Tutorials and assignment presentation and preparation (5 hours)

Personal work of the student (20 hours)

Students must understand themes covered earlier in the course to be able to comprehend information presented later in the course, and will have to be able to integrate material learnt throughout the course. Therefore, it is important that they do not fall behind and try to set aside regular times outside of class to work on the course material on a daily basis.

Students must read the assigned reading for a subject before the lecture covering that topic. Being familiar with topics beforehand will allow students to get the most out of the lecture.

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Students should conduct a personal study using the professor's notes, notes taken in lectures and recommended readings.

Preparation for the final exam (20 hours)

Approximately 10 topics will be covered during the course. Adequate preparation for the final exam can be achieved by dedicating around 2 hours to each topic. This requires consistent effort and study throughout the course.

Final exam (2 hours)

TOTAL: 75 hours.

EVALUACIÓN

CONVOCATORIA ORDINARIA

1. Written assesment (70%)
2. Preparation and presentation of assignments (30%)

CONVOCATORIA EXTRAORDINARIA

If a student fails the course in May, he or she will have to retake the exam in June 2025. The weight of the final exam in June will be 70%. If the student wants to improve the grade of the presentation and preparation of assignments, they will have to prepare new assignments. The weigh of the new assignments will be 30% of the final grade.

HORARIOS DE ATENCIÓN

Office Hours and feedback

Prof. Jose Luis Pinto Prades

Office: 2290

Office hours: TBA

E-mail (**@unav.es**)

Website:

BIBLIOGRAFÍA

Bibliography and Resources

The instructor will provide additional materials and handouts of the class slides. The instructor will refer you to course notes or further readings if you want to dig deeper into certain topics.

Basic Bibliography

An Introduction to Decision Theory (Cambridge Introductions to Philosophy) 2017 Martin Peterson. Find it in the library.

Kahneman, Daniel. Thinking, fast and slow. Macmillan, 2011. Find it in the library.