



Universidad
de Navarra

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

Guía docente 2023-24

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:** Prof. Sandra Polanía-Reyes (e-mail spolania@unav.es)
- **Department:** Economics
- **Lecture schedule:** Tuesday, 15:30-17:30
- **Aula:** Ed. Amigos. Planta 0. Aula 04
- **Office:** Ed. Amigos, Torre, 2490, second floor

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.



Universidad
de Navarra

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

Program

Course Syllabus (subject to change). Check the [schedule](#)

Topics

1. The constitutional conundrum
2. Beliefs, preferences and information processing
3. Social interactions and strategic outcomes
4. An expanded understanding of human behavior for economic development
5. Public Policy for Fairness and efficiency
6. Behavioral biases
7. Empirical methods and Measurement Issues
8. Behavioral insights

Other Topics

1. Rationality
2. Game Theory
3. History of Thought in Economic decision making



Universidad de Navarra

4. Choice rules, Preference and Utility
5. Choice under uncertainty
6. Choice Biases
7. Hyperbolic Discounting: Intertemporal choice
8. Prospect Theory
9. Nudging
10. Impact evaluation and public policy

ACTIVIDADES FORMATIVAS

Educational Activities

I. Classroom activities

We will have a combination of formal lectures, interactive games, class discussions, presentations and teamwork. This will only be possible if you consistently work on the new material. The material for each topic will be posted weekly, and you should keep pace with the rest of the class. Please don't be shy about seeking help if something is unclear or confusing! Ask questions as they arise during lectures and make sure you read all mandatory background readings. Be ready to discuss their content on the day that they are due.

1. Lectures. Lectures are given by the professor and guest lecturers on the themes indicated in the syllabus with the help of power point presentations and videos. The professor will post on ADI the power point presentation, the notes for each topic and some recommendations for further reading.

2. Class discussions

3. Case studies and activities (such as group presentations)

II. Personal work and teamwork

Students must understand themes covered early 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.

1. 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.

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

3. The final exam is an individual policy brief exercise

There will be several extra points opportunities for those who want to go deeper in the topics.

Students working in small groups learn essential communication and social skills (active listening, effective speaking, coordination, cooperation, organization, leadership, self-confidence), which is key for success and flourishing in the work place. Evidence also shows



Universidad
de Navarra

that students demonstrate better retention than students taught in other instructional formats.

There will be group presentations and group policy briefs.

Time Commitment:

Credits/hours distribution of the activities. 3 ECTS= 75 h (25 h/ECTS).

The minimum commitment will be approximately 5 hours per week for attendance (2 hours), doing the readings, and completing the assignments.

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|--------------------------------|-----------|------|--------|
| 1. Lectures | 0.52 ECTS | 13 h | (17 %) |
| 2. Case studies and activities | 0.44 ECTS | 11 h | (15 %) |
| 3. Class Discussions | 0.16 ECTS | 4 h | (5 %) |
| Total classroom activities | 1.2 ECTS | 30 h | (40 %) |
| 4. Personal work | 1.8 ECTS | 45 h | (60 %) |

Reading time, meeting time with group members writing time for Individual and group policy briefs, peers evaluation policy briefs, peers evaluation

Total	3 ECTS	75 h	(100%)
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EVALUACIÓN

CONVOCATORIA ORDINARIA

Spanish version:

- I. Pruebas escritas (55%)
- II. Elaboración y presentación de trabajos dirigidos (25%)
- Casos prácticos y actividades presenciales (0%)
- III. Intervenciones en clase y tutorías (20%)

Assessment: English version

- I. Written assesment (55%)
 - a. Group Policy Brief (25%)
 - b. Individual Policy Brief or exam (30%)
- II. Group Presentation (25%)
- III. Class participation/discussion (20%)

Grade System (cfr. Art. 5, Real decreto 1125/2003, Spanish Ministry of Education)



Point Value over 10	Description	Explanatory Comments	
9,9 to 10	Matrícula de Honor	Truly Exceptional	Excellent with distinction. Work meets or exceeds the highest expectations.*
9 to 9,8	Sobresaliente	Outstanding	Excellent. Superior work in all areas.
8	Notable	Very Good	Superior work in most areas.
7	Notable	Good	Solid work across the board.
6	Aprobado	More than Acceptable	More than acceptable, but falls short of solid work.
5	Aprobado	Acceptable	Work meets all the basic requirements and standards.
0 to 4,9	Suspense		Fail

* Only 5% of the enrolled students can obtain MH.

Criteria to pass the course

Students whose final grade is 5 points or more will pass the course.

Students whose final grade is below 5 points will not pass the course and will be graded as *Suspense*.

Students who do not take the final exam will not pass the course and will be graded as *No presentado*.

Students with special learning needs

Accommodation will be provided for students with special learning needs, either regarding the methodology and/or evaluation of the course, but they will be expected to fulfill all course objectives.

CONVOCATORIA EXTRAORDINARIA



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de Navarra

Special assessment

For those who do not pass the course in May or did not take the exam (grades *Suspenso* or *No presentado*) there will be an **extraordinary exam or individual policy brief** in June which will account for 40% of the final grade.

Evaluation in the extraordinary call

Final exam or Individual Policy Brief. The Exam's rubric and guidelines are in the Resources /Guides and Rubrics/Policy brief 2 your solution and Policy brief guide. The exam will be available in ADI on Monday, June 20th at 9:00. You must submit your exam by 9:00, Friday, June 24th.

Students who request the extraordinary call can be evaluated in the extraordinary call, even if they have passed that course. To do this, students must request to be included in the Acta at least five days before the start of the examination period for that call. The final grade for the subject will be **that of the extraordinary call**, even if it is lower than the one obtained previously.

All group activities that are not a written assessment (60%) will be kept and used to recalculate the final grade. If there are individual activities that are not a written assessment and were graded with Fail, these activities could be delivered.

HORARIOS DE ATENCIÓN

Office Hours and feedback

Prof. Sandra Polanía-Reyes

Office: 2490. Ed. Amigos, Torre, Planta 2.

Office hours: by appointment only

E-mail (spolania@unav.es) to request an appointment, in person or virtually.

Website: <https://spolaniareyes.github.io/>

E-mail policy

Please add in the subject line the name of the course: DEC.

Do not expect responses outside during week-ends or holidays.

Questions about reading assignments, assessment, class schedules, dates and venues should be clarified with the info here in ADI or in class.

BIBLIOGRAFÍA

Bibliography and Resources

The instructor will also provide additional materials and handouts of the class slides. We will build up a Handout file with excellent resources on Decision Making in Economics. The instructor will refer you to course notes or further readings if you want to dig deeper into certain topics.

Basic Bibliography



Universidad de Navarra

- CORE team (2019) Economy, society and public policy. Oxford University Press. ESPP: <https://www.core-econ.org/project/core-espp/>
- World Bank (2015). **WDR2015**. World Development Report 2015: Mind, Society, and Behavior. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0342-0. [Mind_Society_Behavior_WDR_2015.pdf](#)
- Kahneman, Daniel. Thinking, fast and slow. Macmillan, 2011. In the library [here](#)

Optional

Bendle and Chen, Behavioral Economics for kids. 2014 [here](#)

Manning, Lauren; Dalton, Abigail Goodnow; Afif, Zeina; Vakos, Renos; Naru, Faisal. 2020. Behavioral Science Around the World Volume II: Profiles of 17 International Organizations (English). eMBEd report. Washington, D.C.: World Bank Group [HERE](#)

Bryan, C. J., Mazar, N., Jamison, J., Braithwaite, J., Dechausay, N., Fishbane, A., Vakis, R. (2017). Overcoming behavioral obstacles to escaping poverty. Behavioral Science & Policy, 3(1), 81–91. [HERE](#)

IDB 2020 Rapid Toolkit for Behavioral Interventions and COVID-19 [HERE](#)

IDB 2017 Behavioral Insights for Development : Cases from Central America [HERE](#)

WB 2022 The behavioral profesional. [HERE](#)

Harford, Tim. The Undercover Economist. In the library [here](#)

Sandmo, Agnar. Economics Evolving: a History of Economic Thought. In the library [here](#)

Taleb, Nassim. Antifragile: things that gain from disorder. In the library [here](#)

Interesting videos:

- Nassim Taleb's lecture to Microsoft employers about Disorder and antifragility: <https://www.youtube.com/watch?v=BaU7Sxk6Yk4>
- What game theory teaches us about war | Simon Sinek <https://www.youtube.com/watch?v=0bFs6ZiynSU>
- Thinking, Fast and Slow | Daniel Kahneman | Talks at Google <https://www.youtube.com/watch?v=CjVQJdlrDJ0>

Dejamos aquí una Biblio-guía creada específicamente para que podáis aprovechar la enorme cantidad de recursos que la biblioteca pone a vuestra disposición.

[Biblioguias_TFG_economicas.pdf](#)