# Psychology of Economics and Wellbeing

## Prof. Paola Iannello

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to introduce to the study of individual behaviour, and the mental processes that underlie it, in different situations and economic activities from a life-spanning perspective, with specific reference to the topic of subjective wellbeing.

***Intended learning outcomes***

At the end of the course students will be able to:

– understand and describe the basic constructs of the Psychology of Economics using arguing skills and language skills;

– use psychological categories to interpret and attach meaning to individual behaviour, with particular reference to decision-making processes in economic settings;

– identify the applicative potential of theoretical contributions of the psychology of economics from an empowerment perspective and in terms people’s economic skills.

***COURSE CONTENT***

The course will cover the following topics:

Unit 1

Introduction to economic psychology: how the different theoretical and methodological traditions of the psychological and economic disciplines integrate to investigate economic behaviour

1. contributions to the development of the discipline;
2. subject of study;
3. survey methodologies.

Unit 2

Money

1. evolution of money (from exchange systems based on barter to virtual money);
2. the emotional and relational value of money (how the attribution of affective meaning to money influences the way it is used and managed).

Unit 3

The relationship between money and happiness

1. economic well-being, psychological well-being and satisfaction: connections at the individual and collective level;
2. the relational good.

Unit 4

Risk

1. objective estimation and subjective perception of risk;
2. risk management and transfer processes;
3. individual risk profiles (stylistic and personality characteristics that define attitude towards risk).

Unit 5

Economic decision-making

1. normative models: the theory of expected utility and the axioms of rationality;
2. descriptive models: prospect theory, heuristics and bias;
3. determinants and dynamics underlying economic decision-making processes.

Unit 6

Strategies and empowerment paths of decision-making skills in the economic field

1. nudging interventions;
2. boosting interventions and economic and financial education.

***READING LIST***

R. Rumiati-E. Rubaltelli-M. Mistri (edited by), *Psicologia economica,* Carocci, 2008.

One volume at students’ choice:

L. Bruni-P.L. Porta (edited by), *Felicità e libertà. Economia e benessere in prospettiva relazionale*, Guerini e Associati, 2006.

M. Motterlini, *La psicoeconomia di Charlie Brown. Strategie per una società più felice*, Best BUR, 2015.

N.N. Taleb, *Giocati dal caso. Il ruolo della fortuna nella finanza e nella vita,* Il Saggiatore*,* 2014.

R. Rumiati-L. Savadori, *Rischiare. Quando sì e quando no nella vita di tutti i giorni,* Il Mulino, 2009.

M. bustreo, *La terza faccia della moneta. Le dinamiche che guidano la nostra relazione con il denaro,* Franco Angeli, 2018.

R. viale, *Oltre in nudge. Libertà di scelta, felicità e comportamento,* Il Mulino, 2018.

s. mullaiathan- e.shafir, *Scarcity. Perché avere poco significa tanto,* Il Saggiatore, 2014

***TEACHING METHOD***

Lectures covering the theory in more detail, discussions on specific topics, guided practical work, possible interventions by experts.

The teaching materials produced during the course and any materials considered useful for exam preparation will be made available online.

***ASSESSMENT METHOD AND CRITERIA***

An oral interview.

During the oral exam, students will be assessed through three types of questions aimed at ascertaining:

1. their knowledge of the topics addressed;
2. their ability to draw connections between the key topics and constructs of the discipline;
3. their ability to express the proposed contents in application terms.

The assessment will take into account the relevance and precision of the student's answers, their use of appropriate and specific language, the coherent structuring of their discourse, and their ability to argue and critically rework the material.

***NOTES AND PREREQUISITES***

*Prerequisites*

There are no prerequisites for attending the course. Students should be interested in theoretical aspects and the possible application of psychological content to economic environments.

Further information can be found on the lecturer's webpage at [http://docenti.unicatt.it/web/searchByName.do?language=ENG](http://docenti.unicatt.it/web/searchByName.do?language=ENG%22%20%5Ct%20%22_blank), or on the Faculty notice board.