

Scuola Superiore di Catania

Corso interdisciplinare

**“Economic Psychology”**

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Recent economic and financial crises worldwide, turbulences on the stock markets, increasing indebtedness of states, and scarcely convincing responses to resolve political and economic problems sustainably, have increased the demand to study human behavior in economic contexts and to bring economics back to social sciences.

Although the discipline of Economic Psychology dates back as far as 1900, it has gained considerable momentum in the last decades. Psychology found its way back into economics through the field of behavioural economics and the fruitful contributions of psychology to the understanding of economic phenomena has been recognized by the scientific community especially with the bestowal of the Nobel Prize for Economics (officially known as The Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel) for 2002 on the behavioural economist Vernon Smith and the psychologist Daniel Kahneman (and his long-term research partner Amos Tversky was also recognized in the announcement).

Like psychology, economics is concerned with behaviour, decisions, and the selection of one option from a set of various alternatives. As Robbins (1932) characterizes the field, economics is a discipline „which studies human behaviour as a relationship between ends and scarce means which have alternative uses“. Because resources such as time, energy, money etc. are scarce but needs are abundant, our limited resources must be used rationally. Under the metaphor of “homo economicus,” economics as social science focuses on the production, distribution, and consumption of goods and services. In the places where psychology’s critique of the rationality assumption of classical economics has found a sympathetic ear among economists, as well as where economic thought has influenced psychology, an interdisciplinary field has formed that is alternatively known as economic psychology, socioeconomics, and (in economic contexts) behavioural economics with its historical roots in cognitive psychology.

Economic psychology concerns itself with motives of economic actors and with the welfare of individuals, groups, and entire nations, with knowledge of economic relations, causes of behaviour, decisions, and economic activity. Economic psychology is increasingly recognized as more than an applied field of psychology, and behavioural economics is gaining ground within the field of economics.

Topic areas within economic psychology, deriving from an analysis of the contents of articles published in the *Journal of Economic Psychology* and treated in a *forthcoming volume* by Erich Kirchler and Erik Hoelzl, entitled “Economic Psychology” and published by Cambridge University Press are the following:

1. Basic concepts
  - a. Applications and limits of economic psychology
  - b. Decision making
  - c. Subjective bases of economic behaviour

2. Consumer goods markets
  - a. Making purchases
  - b. Saving and taking on debt
  - c. Marketing and advertising
3. Labour markets
  - a. Supply and demand for labour
  - b. Employment and Entrepreneurship
  - c. Unemployment
4. Financial markets
  - a. Investing
  - b. Gambling and buying insurance
  - c. Taxpaying
5. Quality of life
  - a. Environment
  - b. Happiness and well-being

Besides a historical introduction into the development of economic psychology, these contents shall also define the structure of a lecture/seminar on economic psychology.