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## About My Enthusiasm to Study Behavioral Economics

Economic models have long emphasized that every single one of us is Homo Economicus, that mythical species of purely rational agents who are well-versed in the models of classical economic theory. The core premise of economic models is that human beings are somehow able to compute infinite combination of choices and end up choosing the one which yields the highest utility. It all sounded right until I recalled my mother and aunt's conversation - my aunt was in a bad marriage. My mother was suggesting her to file for a divorce, but the reason why she was reluctant was because she had invested a lot in the marriage.

That bizarre but seemingly thoughtful reason puzzled me deeply at that time. If my aunt is a rational agent, divorce would be easy as it would maximize her utility. And on top of that, all the money, time and energy spent were gone, and staying in the marriage would never bring them back. The puzzle was brilliantly solved after I stumbled upon Thinking, Fast and Slow by Daniel Kahneman. He proposes prospect theory which suggests that humans are loss averse. In this case, divorce was perceived as a loss, therefore staying in a bad marriage seemed like a better choice even though it would mean compromising one's own utility.

That episode made me greatly intrigued by an infant branch of economics - behavioral economics. I decided to delve deeper by reading the works of Dan Ariely, David Halpern, and Robert Shiller. The idea that cognitive costs exist besides material costs defies the law of traditional economics and radically changes the way economists view decision-making process. In light of this, Richard Thaler proposes nudge as a new method in policies to approach issues such as wealth, health and happiness. In my view, the beauty of nudge lies in its political palatability which holds the key in public policymaking. Policies must not only be economically sound but also socially acceptable to ensure pragmatism - and nudge holds the ultimate card as it is non-intrusive and preserves liberties. I aspire to be a policy adviser as I see many applications of behavioral economics in Malaysia.

I believe behavioral economics can be applied to solve the world's greatest crisis - poverty. Having read the works of Jeffrey Sachs and Dambisa Moyo, I find that the debate regarding aid is misguided as both sides of the aisle attempt to find an absolute answer as to whether aid is effective or not, discounting the nuances in different circumstances. In Poor Economics, Duflo and Banerjee resolve the deadlock by proposing the use of randomized controlled trials (RCTs) and evidence-based policies instead of giving a blanket answer. The fusion of behavioral economics and clever choice architecture to increase the rate of enrolment in education, immunization and savings in third-world countries is truly fascinating. To equip myself with adequate statistical prowess and basic econometrics concepts, I am currently enrolled in an online course by MIT on ways to evaluate RCTs and social programs using statistical models.

I was a debater in high school. During the first few years, I hated debating because of language barrier as I grew up in a house where proper English was non-existent. Everyone spoke different versions of broken English, yet we understood each other perfectly. We were short on money, so Dad had to borrow funds from relatives just to buy Magic English cassettes to introduce English in our home. Fast forward to senior year, I represented Malaysia in the World Schools Debating Championship in Stuttgart, where Malaysia managed to rank sixth in the

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world. Debating against world-class debaters about topic ranging from the annexation of Crimea to Brexit economic implications broadened my horizons. Determined to provide the same opportunities to others, I am currently working with the Ministry of Education to teach debating to children all around Malaysia.

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