Institute of Management Studies (IMS) Undergraduate Assignment Information Sheet

**Date:**

04 March 2020

**Module title:**

Economic Reasoning

**Module lecturer and tutor details:**

**Assignment information (e.g., background info, assignment question, further advice):**

**Background information**

**Households and risk management** - Households live the paradox of being expected to adopt a positive attitude towards risk while at the same time behaving financially responsibly. They are expected to actively manage their assets (for example houses and equity investments) and liabilities (for example personal loans and mortgages) and optimize their portfolio by diversifying and planning ahead.

**Assignment question**

Deep and wide-ranging disaggregation [deregulation] has left households with the responsibility for making important and technically complex micro financial decisions involving risk--such as detailed asset allocation and estimates of the optimal level of life- cycle saving for retirement-- decisions that they had *not* had to make *in the past*, are *not* trained to make *in the present*, and are *unlikely* to execute efficiently *in the future* [...] (Merton, 2000, p.4)

Critically assess this claim. Elaborate on this point while taking into consideration different theoretical approaches on rationality under risk, weak uncertainty, and strong uncertainty.

**Further advice**

Remember to structure the essay appropriately and provide a clear argument.

**Key/suggested references:**

Compulsory and optional readings are the same as in lectures for Weeks 7, 8 and 9.

**Tutorial details (e.g., time, room, preparation needed):**

The material is covered in the second seminar. Time and place for the seminar are available in individual timetables. Attendance of seminars is compulsory—and very helpful for writing the essay. Do prepare for seminars by read the suggested readings and relevant lecture slides in advance. You can ask any questions about the essay during the seminar.

**Word limit:**

2,000 words maximum. There is no formal minimum, but a good essay will not typically be shorter than 1,800 words.

**Referencing style (e.g., APA, Harvard):**

Please check referencing guidelines on the VLE.

**Submission date and time:**

**Submission details:**

Please submit via the online link on the module page and include the following information on the front page of your submission:

* Student ID number
* Programme of study (e.g., BA Economics)
* Module (i.e., Introductory Economics)
* Date
* Assignment title
* Word count

**Marking scheme:**

Marking will be in accordance with the general IMS undergraduate marking rubric:

1. Answer. (Does the coursework address the question/issue or meet the assigned aims and keep on topic? Is there a comprehensive understanding of the topic?)
2. Structure. (Is the structure clear and material presented in a well argued, coherent and synthesised manner?)
3. Writing Style. (Is the writing fluent and of a good standard with few errors in spelling, punctuation or grammar?)
4. Level of Reading. (Is the topic well researched and supported? Is there evidence of using a range of high quality sources?)
5. Quality of Referencing. (Is the work appropriately sourced? Are the references well formatted and written up accurately and consistently?)

**Any other information:**

N/A