

## **COURSE TITLE:**

# **BEHAVIOURAL ECONOMICS AND PUBLIC POLICY**

Number of classes: 40/15

Value expressed in ECTS points: 4/2

## **Description:**

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The course examines the relationship between behavioural economics and public policies. Individuals often make decisions that systematically deviate from the predictions of standard economic models based on the assumption of a rational actor (*homo economicus*). Behavioural economics attempts to explain these discrepancies by integrating certain psychological knowledge about human behaviour into these models.

Within the course Behavioural Economics and Public Policies, participants will have the opportunity to learn about various topics of interest to behavioural economics and especially their implications for public policies in various domains, such as: health, economic growth, various aspects of law (dispute resolution, criminal law, contract law, tax law, civil law, etc.), education, discrimination, poverty, savings, etc.

The aim of the course is to enable students to understand the relationship between economics and public policy from the perspective of behavioural science (behavioural economics and cognitive psychology). More specifically, the course will enable participants to understand the application of behavioural concepts in the creation and implementation of various public policies. Special emphasis is placed on behavioural concepts and instruments, such as: cognitive biases and heuristics, basic rules, social norms, simplifications, information, warnings, reminders, etc.



## Course content:

### I INTRODUCTION

- Introduction to behavioural economics and public policies
- Behavioural law and economics - basic concepts and applications

### II COGNITIVE BIAS

- Cognitive bias - concept and meaning
- Types of cognitive biases

### III BASIC CONCEPTS OF BEHAVIOURAL PUBLIC POLICIES (BPP)

- Pushing and architecture choices - concept and meaning
- The concept and significance of libertarian paternalism
- Critique of libertarian paternalism
- Critique of the empirical validity of some basic BE concepts
- Asymmetric paternalism - concept and meaning

### IV BEHAVIOURAL PUBLIC POLICY OF LIBERTARIAN PATERNALIST ORIENTATION

- Elements of behavioural public policy of libertarian-paternalistic orientation
- The practice of behavioural public policy of a libertarian-paternalistic orientation

### V BPP AND OTHER PATERNALISTIC POLICIES

- Forced paternalism - concept, meaning and examples
- Behavioural regulation of externalities - concept, meaning and examples

### VI ADDITIONAL TOPICS

- Behavioural finance - concept and application
- Behavioural analysis of income redistribution and taxation

## Implementer:

Dr. Aleksandar S. Mojašević

