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**Rational and Behavioral Economics**

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Rational choice is difficult to make to any person, even in the presence of an adequate system of information exchange, transparent economic regulation. Behavioral economics is the area of ​​knowledge that deals with these issues. It shows systematic failures in the rational behavior of people and the mistakes they make when making decisions. According to the PBS NOVA Mind over Money, behavioral economics is an area of ​​economics that studies the peculiarities of the influence of emotional, cognitive, and social factors on how people and companies make economic decisions, as well as the impact of these decisions on the market. We live not only in the world of market relations, but in the world of social norms and between those and others there may be inconsistencies and even conflicts.

Adam. Smith recognizes that the main motive of human activity in the economic sphere is self-serving interest. From the concept of self-interest, the policy of non-intervention, or "natural freedom" flowed. It is interesting to note that Smith’s thesis about the harmony of interests of various people is not a conclusion that follows from the action of the “ invisible hand"(i.e., objective economic laws), and the initial ideological premise based on faith in God and man; therefore, the search for economic laws rests on his belief in natural, original harmony. It is no accident that in describing the action of the" invisible hand " Smith is present not only in the economic aspect, which boils down to the beneficence for society of the unintended consequences of the targeted actions of people, but also the worldview - the belief in the wisdom of Providence, the recognition of the limitations of the human mind.

The authors of the article presented the results of a large number of experiments conducted by them, during which it turned out that very often people are not able to rationally assess the benefits and losses from their decisions. Unexpected conclusions for the classical economy were made. For example,

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* People tend to react differently to the situation, depending on whether they lose or win. So, the joy to get a prize equal to 100 rubles for a person is less than the bitterness of losing the same 100 rubles.
* Even very familiar with mathematics, people tend to be mistaken in assessing the likelihood of certain events, taking into account the generally accepted stereotypes and delusions, as well as their own feelings.

References

Ashraf, N., Camerer, C. F., & Loewenstein, G. (2005). Adam Smith, behavioral economist. Journal of Economic Perspectives, 19(3), 131-145.