



Ankara University
SCHOOL OF MEDICINE

The First Medical School In The Republic of Turkey (1945)

Behavioral Economics and Health

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The field of behavioural economics

- **Behavioural economics** is a field at the *intersection of economics and psychology*.
- Standard economic theory is built on the assumption that individuals are fully **rational**, completely selfish, forward-thinking decision-makers.
- This set of assumptions has allowed economists to *predict behaviour* using simple and tractable analytical models.
- But research from both economics and psychology has demonstrated that individuals regularly deviate from the predictions of standard economic theory and do so in systematic ways.
- **Behavioural economics** aims to: (1) explain why individuals deviate from the assumptions of standard economic theory and (2) use these insights to advance our models of individual behaviour. (*Oxford Textbook of Public Health*, pp. 775-89)

The field of behavioural economics

- By improving our models, **behavioural economics** allows policymakers to design interventions -like the *health interventions* that are described in this chapter- to more effectively achieve policy goals.
- In this way, **behavioural economics** is both descriptive, giving us a better picture of what behaviour looks like (*and why it looks that way*), and prescriptive, suggesting how policy can most effectively impact *individual decision-making*.

(Oxford Textbook of Public Health, pp. 775-89)



BEHAVIORAL ECONOMICS

- Behavioral economics is the study of how thinking and emotions affect individual economic decisions and the behavior.
- RICHARD H. THALER is the father of behavioral economics.
- He is co-author (with Cass Sunstein) of *Nudge: Improving Decisions About Health, Wealth, and Happiness*.

+ Concepts in Behavioral Economics

Concept	Definition	Explanation of Concept
Judgment		
Availability	People judge the likelihood of future events on the basis of how easy it is to imagine them or call up similar events in memory	Highly memorable and positive will be easily recalled later. Personal stories, strong emotions, concrete and sensory language, and vivid imagery are memorable stimuli.

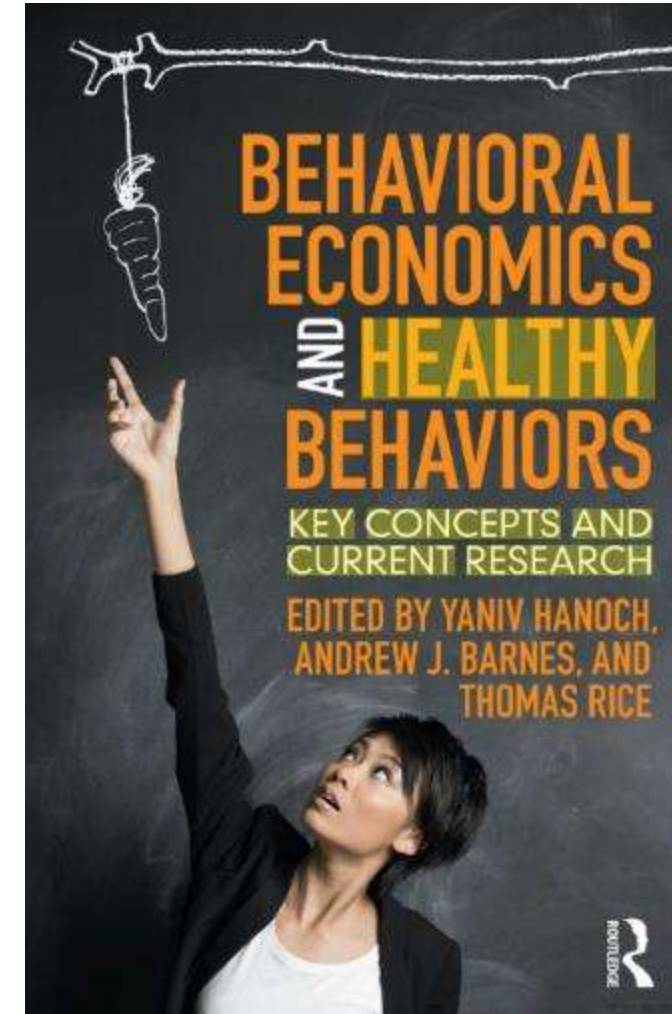
→ Press Coverage

→ Laboratory Testing

Unconscious decision-making

- The field of *behavioural economics* can tell us a great deal about *cognitive bias* and *unconscious decision-making*, challenging the orthodox economic model whereby consumers make *rational and informed choices*.
- But it is in the arena of health that it perhaps offers individuals and governments the most value.

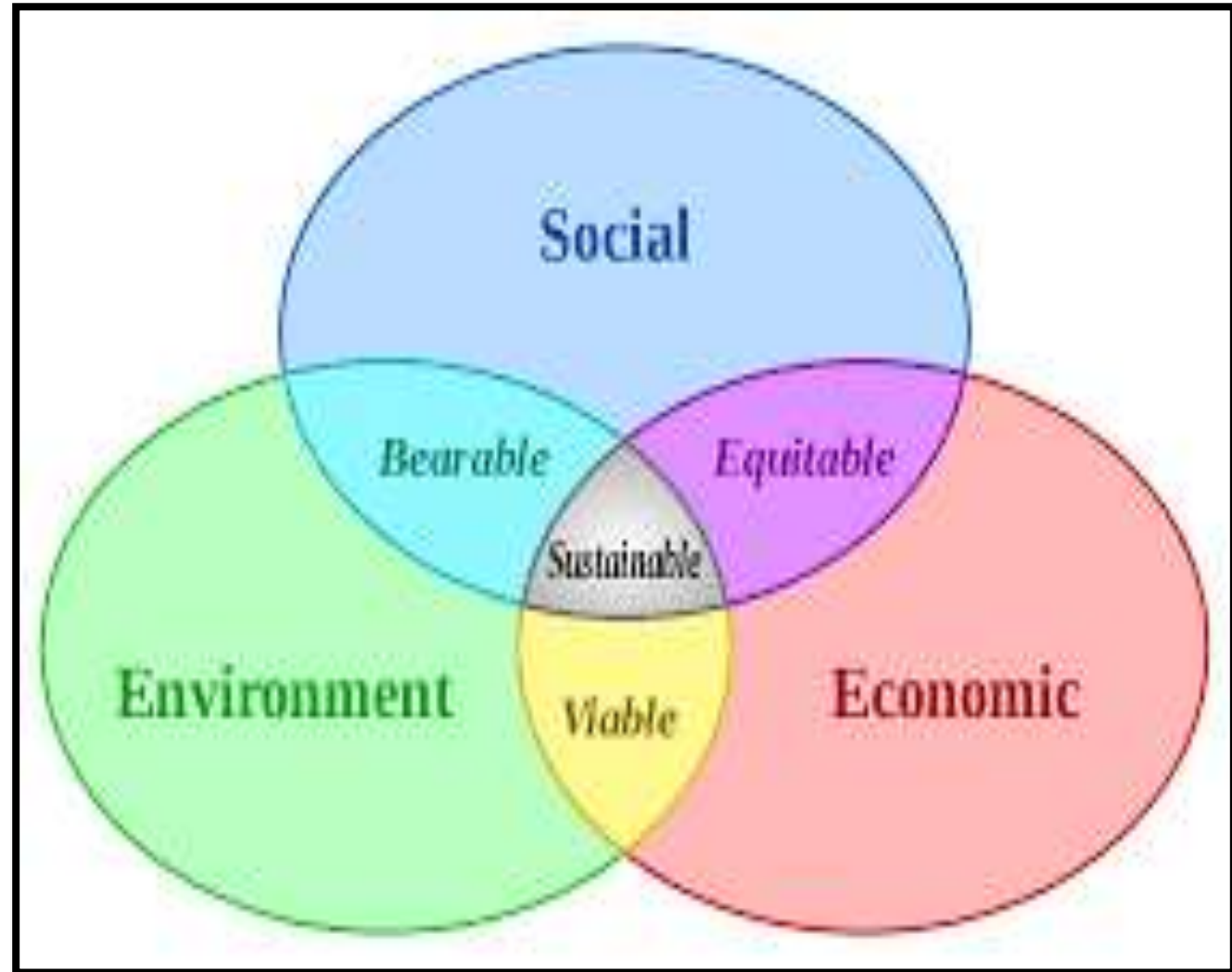
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Behavioral economic lens

- In this important new book, the most ***pernicious health issues*** we face today are examined through a *behavioral economic lens*.
- It provides an essential and timely overview of how this growing field of study can reframe and offer solutions to some of the *biggest health issues* of our age.

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How to change irrational behaviours?(1)

- Policymakers must be responsible with when and how they use available interventions to affect **health behaviours**.
- Policymakers must look for constraints, externalities,* or *behavioural biases* to justify intervention.
- Fortunately, some individuals with *behavioural biases* may explicitly ask for interventions.

(Oxford Textbook of Public Health, pp. 775-789)

* **Externalities** are indirect effects on other agents that an individual does not fully consider when making his/her decisions.



A pernicious, irrational choice of behaviour.

How to change irrational behaviours?(2)

- They may recognize that they need help to engage in certain desirable behaviours like going to the gym, eating healthily, or taking their medications.
- In these cases, individuals will happily sign up for studies designed to test ways to *impact behaviour*, allowing us to conduct more research.
- In addition, they will happily opt (*choose*) in to programmes policymakers design to effectively encourage ***behaviour change***.

(Oxford Textbook of Public Health, pp. 775-789)



How could we change these type of irrational behaviours?

Thank you for valuable participation....



Never forget; HEALTH is a Basic Human RIGHT!