

*I. Podlesnyy, V. Yaloza, R. Hryshkanych, Bachelor students
K. Tuliakova, Lecturer, research/language advisor
National Technical University of Ukraine
"Igor Sikorsky Kyiv Polytechnic Institute"*

BEHAVIORAL ECONOMICS

Economics had been a science that operated with pure statics, mathematical formulas. An important discovery was made by marginal theory, that declared the irrational nature of humanity. In the 21st century scientific theories are made up on the multi-disciplinal joint. "Demand creates supply" was the dogma of the economy, yet John Maynard Keynes disputed it in his theory[1], and now, the combination of psychology, sociology, mathematics and economy invented a new doctrine – behavioral economics.

The idea of irrationality was found in other discipline, linguistics – Noam Chomsky, the professor of linguistics and author of several revolutionary theories, made up a point, that all languages of humanity are created due to irrational nature of people, as example – if our languages were rational, they would look like formal logic or mathematics, yet that's false. Human languages are bad at rational, scientific description of nature, but perfect for creativity and art.

The old theories of market have failed, either planned-economy soviet system and classical market economy, causing the extermination of Soviet Union and 2008 crisis. The main trouble was understanding of human nature as rational and forgetting about the most important – human will and feelings. Important role was played by existential philosophy, that claims that things being is dependent on perception, linguistic irrationality of language, as pointed earlier, and cognitive psychology. Daniel Kahneman introduced the new way of understanding market's principles.

The point of irrationality is the basis of behavioral economics, due to it CEO managers create advertisements, as example – free gifts from shops, it quite unprofitable to simply give out goods, but the reason of such actions is that person will go to the shop to get free stuff will contact with bright billboards, attractive products and decide to buy it – and that will bring the owner money.[2]. While behavioral economics claims irrationality of human nature, still authors and researchers says, that human is predictably irrational[3]. And a plenty of companies already uses new methods taking into account new psychological realities and knowledge[4].

The most popular argument of the surd intellection is a problem of cognitive distortions. It is an effect of irrational thought pattern that can lead to different false conclusions in the context of human thinking and perception [5]. For example, the effect of mental filtering, that is a cognitive deformation, can influence on making decisions in the system of economic relations and social traffics. Logical thinking is an abstract and ideal notion, because this type of thought can be just an orienteer, rather than idea of logic like a method.

The second argument is that basis of human perception makes by mapping of attitudes and behavior. It can be described by conception of self-justification[6]. Some irrational behavioral events, that are influenced by social area and conformism, can be

contrasted with attitudes of individual as a member of economic relations. Then, cognitive dissonance can be arisen, so individual want to be saved of this effect by adapting behavioral events as a caused by own attitudes. That is why behave of individuals and characters of personality are irrational, even in the context of economic relations.

On the other hand, the new way of selling products might cause social problems, the sociological paradigm “Society of consumption” predicted the growth of obstruction of the consume-oriented way of life, which cause nihilism, destruction of nature, disappearance of the common sense[7]. Modern researches share the opinion of Baudrillard, the growth of advertisement, target-oriented politics of companies oriented to provoke nostalgia, commodity fetishism[8].

The society of consumption is a huge problem for the post-industrial societies, yet behavioral economics helps us understand the new rules of the market and finding the solution.

REFERENCES

1. The General Theory of Employment, Interest and Money [Электронный ресурс] – Режим доступа до ресурсу: <http://cas2.umkc.edu/economics/people/facultypages/kregel/courses/econ645/winter2011/generaltheory.pdf>
2. Ariely D. Predictably Irrational: The Hidden Forces That Shape Our Decisions / Dan Ariely., 2008.
3. Behavioral Economics [Электронный ресурс] – Режим доступа до ресурсу: <https://www.behavioraleconomics.com/resources/introduction-behavioral-economics/>.
4. 6 приемов нейромаркетинга от PayPal, Netflix и Red Bull, которые вы можете внедрить в свой бизнес [Электронный ресурс] – Режим доступа до ресурсу: <https://geniusmarketing.me/lab/6-priemov-nejromarketinga-ot-paypal-netflix-i-red-bull-kotorye-vy-mozhete-vnedrit-v-svoj-biznes/>.
5. A Meta-Analysis on Cognitive Distortions and Externalizing Problem Behavior: Associations, Moderators, and Treatment Effectiveness [Электронный ресурс] – Режим доступа до ресурсу: <https://journals.sagepub.com/doi/abs/10.1177/0093854814552842?journalCode=cjbb>.
6. Cognitive Dissonance [Электронный ресурс] – Режим доступа до ресурсу: <https://www.scientificamerican.com/article/cognitive-dissonance/>.
7. Бодрийяр Ж. Simulacres et Simulation / Жан Бодрийяр., 1981.
8. Competently Ordinary: New Middle Class Consumers in the Emerging Markets [Электронный ресурс] – Режим доступа до ресурсу: https://www.academia.edu/6488596/Competently_Ordinary_New_Middle_Class_Consumers_in_the_Emerging_Markets.