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## PUBLIC FINANCE WITH BEHAVIOURAL AGENTS

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## Public Finance with Behavioural Agents

Elements in Behavioural and Experimental Economics

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**Abstract:** Recent developments in behavioural economics have deeply influenced the way governments design public policies. They give citizens access to online simulators to cope with tax and benefits systems and increasingly rely on nudges to guide individual decisions. The recent surge of interest in behavioural public finance is grounded on the conviction that a better understanding of individual behaviours could improve predictions of tax revenue and help design better-suited incentives to save for retirement, search for a new job, go to school or seek medical attention. Through a presentation of the most recent developments in behavioural public finance, this Element discusses the way behavioural economics has improved our understanding of fiscal policies.

**Keywords:** public finance, behavioural bias, identification, sufficient statistics, structural model

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