Doctor of Business Economics

The behavioural (economics) turn in politics:
Susceptibilities and aspirations in policy-making

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Abstract

Behavioural economics and its focus on the descriptive accuracy of models for human behaviour are gaining increasing influence in economic research and in the analysis and design of economic policy. Sub-fields like public choice and political economy, as well as political science, have not necessarily been as encouraging of this shift. However, behavioural research, and the experimental methods it often relies on, can make valuable contributions to the analysis of the behaviour of, and interactions between, citizens, civil servants, and politicians. This dissertation contributes to the emerging application of behavioural (economics) insights to politics and policy-making by directly analysing the behaviour of bureaucrats and politicians, and by discussing, in turn, the uptake of behavioural insights (most prominently in the form of ‘nudging’) by political decision-makers to influence the actions of citizens.

The first part of the dissertation provides novel empirical evidence on the occurrence of framing effects in policy-relevant decision scenarios and among samples with direct policy-making competences and responsibilities. It also identifies the moderating individual-level characteristics of organisational identification and political ideology for framing effects. The findings imply that a continued reliance on rational choice theories in the modelling of policy-making behaviour may miss important behavioural influences and lead to biased predictions. Descriptively accurate models of political decision-making, building on empirical evidence such as presented in this dissertation, may lead to a better understanding of political processes.

Expanding the scope of the dissertation to the use of findings from cognitive psychology and behavioural economics by policy-makers, the second part examines recent developments in the application of so called behavioural insights to influence the behaviour of citizens. It addresses an important gap in the dialogue between public policy scholars (and practitioners) and behavioural economists. The interpretation of behavioural insights on which many policy interventions are claimed to draw is not always straightforward. A stark contrast between the actual research results and the claims often underpinning policy is apparent. This part clarifies misconceptions to facilitate the use of research on behavioural aspects of decision-making in evidence-based policy-making.