



Choice in politics: Equivalency framing in economic policy decisions and the influence of expertise



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ABSTRACT

Political decision-making involves the presentation of policy options from opposing points of view and in different lights. We test whether economic policy decisions are subject to equivalency framing by presenting survey participants with binary risky-choice decisions in hypothetical policy scenarios. Potentially mediating influences of expertise on the framing effect are explored using responses of students and professionals. Expertise is thereby defined in line with common education and work experience criteria in the recruitment of public officials. We mostly find unidirectional framing effects in the economic policy scenarios and a similar susceptibility of respondents with different levels of expertise. A logistic regression of the expertise variables on the choice between certain and risky options reveals only the frame to have a systematically significant effect across scenarios. The results indicate that expertise may not necessarily help to make better policy choices under risk, if the available options are framed differently.

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1. Introduction

Political decision-making is inherently based on the convictions of individual actors and their choices. Voters choose which topics they consider important and whom to elect as their representatives; politicians choose between alternative policy options and how to react to external events; and public officials again have to make various choices when providing the operational and informational base of the policy-making process. The nature of policy-making and the indeterminateness of the future thereby dictate that many of these choices involve risk. Yet, the actors on the institutional side are expected to be able to consistently find the best policy options. In democracies the public relies on them to take the ‘right’ decisions because they are seen as expert decision-makers. Their education, experience, and access to information give them advantages in their subject areas and in the mechanics of politics (Boswell, 2008; Radaelli, 1999; Strøm, 2000).

This expectation raises two issues: first, it is not always clear what determines expertise and its influence on the suitability and capacity of political actors (Bendor, 2010; Emler and Frazer, 1999; Krosnick, 1990). Second, a long line of empirical research on decision-making has shown that human choices are more susceptible to behavioural influences than the popular rational choice theories in political science allow for. In risky-choice, already small linguistic variations in the presentation of equivalent options can alter decision outcomes (Tversky and Kahneman, 1981; Levin et al., 2002; see Kühberger, 1998 for a meta-analysis).

In this paper, we ask whether policy-decisions are subject to framing effects, which direction these effects take, and whether expertise has an influence. Our research is built on Tversky and Kahneman's (1981, p.453) Asian Disease Experiment (ADE), which demonstrates that framing can have a large effect. As a baseline, the ADE itself is reproduced and we find a similar bidirectional effect as the

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original study. Because of its relevance to a broad range of political decisions we also reproduce [Quattrone and Tversky's \(1988, p.27\)](#) Employment–Inflation trade-off. While it does not feature any risky choices, it is one of the few questions so far to specifically test economic policy scenarios for framing effects. Contrary to [Quattrone and Tversky \(1988\)](#), we do not find a significant effect.

To test framing in economic policy-decisions, we use relevant hypothetical scenarios building on the same structure as the ADE. A sample of students and professionals is presented with salient issues in (EU) policy-making. Participants make a binary choice between a risky and a certain option with equivalent outcomes, in either a positive or a negative frame. Our results show mostly unidirectional framing effects. In the positive frames of our three scenarios, a significant majority prefers the certain option. This picture changes in the negative frame: in two scenarios no option is systematically preferred; and in the third scenario the participants exhibit a weak preference reversal with a smaller majority choosing the risky option.

To explore the potential influence of expertise on the susceptibility to framing, we focus on the criteria used for the recruitment and evaluation of public officials. To our knowledge, no such attempt has been made yet. Using logistic regression models, we test the effects of education, experience, and other control variables on the observed choice behaviour. We find that respondents with high qualification levels and those without show a similar susceptibility, while the frame is the only variable that is systematically significant across scenarios. The presented results call for caution when assuming that expertise helps people to make better policy decisions under risk, if the available options can be framed differently.

2. Literature

Decision-modelling and prediction in economics and political science are traditionally based on rational choice theories, such as Expected Utility Theory (EUT) as proposed by [von Neumann and Morgenstern \(1947\)](#). In economics, behavioural approaches have steadily advanced during the last decades and provide an increasingly popular alternative to rational choice approaches. Empirical evidence of decision-biases is well documented in a large literature and is part of the mainstream discourse ([Kahneman and Tversky, 2000](#)). Also political scientists criticise the failure of rational choice theories to explain empirical data in decision-making, a tendency to post-hoc theorising ([Green and Shapiro, 1994](#)), and the failure of their mostly deductive methods to capture the complexities of human decision-making ([Simon, 1995](#)).¹ Nonetheless, rational choice still seems to be the preferred tool-kit and dominating paradigm in political science ([Peters, 2005; Pollack, 2006](#)). As [Schnellenbach and Schubert \(2015–in this issue\)](#) point out, the behavioural approach is also only slowly entering the realms of public choice and political economy.

The gradual evolution of behavioural choice concepts has caused much debate about the normative and descriptive adequacy of the axioms of rational choice theory. Two of its key assumptions are invariance and dominance. Invariance dictates that preferences should be independent of the description of the options, as long as the content is not changed. Dominance requires an option to be preferred over all other options, as long as it is better in one state and at least as good in all other states. The representation, or framing, of options given in a problem should thus not have any impact on choice if their outcomes are equivalent. [Tversky and Kahneman \(1981, 1986\)](#) specifically challenge these two axioms after finding numerous deviations from the predictions of rational choice theories throughout different experiments.

In their well-known Asian Disease Experiment (ADE), participants are told that a rare disease is threatening lives and that they need to choose one of two available response programmes. One option provides a certain outcome, whereas the other option carries risk by offering two possible outcomes and their respective probabilities. Both options are mathematically equivalent, but participants receive them either framed negatively or positively. In the negative frame, the outcome is described by how many people will die if either programme is chosen, and in the positive frame by how many people will survive. In the original study, participants chose the risky option when the outcome is framed in terms of 'deaths', and the risk-free option when the outcome is framed in terms of 'lives saved' ([Tversky and Kahneman, 1981](#)).²

To integrate framing effects and other violations of EUT's axioms, [Kahneman and Tversky \(1979\)](#) developed Prospect Theory as their descriptive model of decision-making under risk. It builds on the notion that decision-makers assess options with respect to a subjective reference point, reacting differently to gains and losses: individuals are risk-averse in the domain of gains and risk-seeking in the domain of losses (reflection effect). Losses also hurt more than gains gratify (loss aversion).³

In the political context, the importance of framing in decision-making under risk received increased attention when (mostly) international relations researchers started to apply Prospect Theory to explain the behaviour of governments and individual leaders in crisis situations (see [Boettcher, 2004; McDermott, 2004; Mercer, 2005](#), for reviews). Currently ongoing work expands these efforts by testing Prospect Theory's predictions with Members of Parliament from various countries and promises interesting results ([Linde and Vis, 2014; Loewen et al., 2014](#)).

[Mercer \(2005\)](#) suggests that a political actor will commonly see the status-quo as reference point.⁴ In this paper we take the same approach as [Tversky and Kahneman \(1981\)](#) and assume that the reference point and the domains of gain and loss are induced by the scenario description. In more dynamic situations, the domain an actor sees himself in, would, however, depend to a larger extent on

¹ However, the available behavioural accounts (e.g. Bounded Rationality) usually face their own problems, such as aggregation and dynamics (see [Harstad and Selten, in this issue](#)).

² See [Appendix A.1](#) for a reproduction of the Asian Disease Experiment.

³ [McDermott \(1998\)](#) provides an in-depth description of Prospect Theory in the political context.

⁴ Equating the status-quo with the reference point seems to be a widely used method for considerations of Prospect Theory in international relations ([McDermott, 1998; Mercer, 2005](#)). It also lends itself as easily operationalisable and sensible approach for political decision-making. However, the definition of reference points is highly debated and includes, for example, arguments such as: multiple reference points ([Kahneman, 1992; McDermott, 1998](#)), endogeneity ([Köszegi and Rabin, 2006; Köszegi and Rabin, 2007](#)), and the certainty equivalence ([Meza and Webb, 2007](#)) and uncertainty of reference points ([Schmidt et al., 2008](#)).

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