



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

# Homo Economicus meets Homo Politicus:

## A comparison between preferences of EPA bureaucrats, recreational anglers, and the public

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Do the bureaucrats' decisions represent the views of the public?

The bureaucrat a budget maximizer (Niskanen, 1971)

Politicians and bureaucrats try to maximize public sector (Brennan and Buchanan, 1980)



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Some policies should be paternalistic and partly ignore the general public (O'Donoghue and Rabin 2003; Johansson-Stenman 2008)



Decision-makers may have multiple preference orderings Sagoff (1988; 1994; 1998)

Preferences from either a consumer or a citizen varies with type of good:

*“...consumer preferences reflect conceptions of the good life individuals seek for themselves, while citizen preferences reflect conceptions of the good society offered for the consideration and agreement of others.”*



Homo Economicus is non-altruistic and maximizes his own welfare

Homo Politicus considers the best for a society and maximizes the social welfare (Nyborg, 2000)

In this paper:

- a) Comparison public and EPA bureaucrats given the same preference ordering
- b) Empirical test concerning multiple preference hypothesis



		EPA bureaucrats	
		Personal opinion (Homo Economicus)	Social Policy recommended (Homo Politicus)
General public	Personal opinion (Homo Economicus)		
	Social Policy recommended (Homo Politicus)		



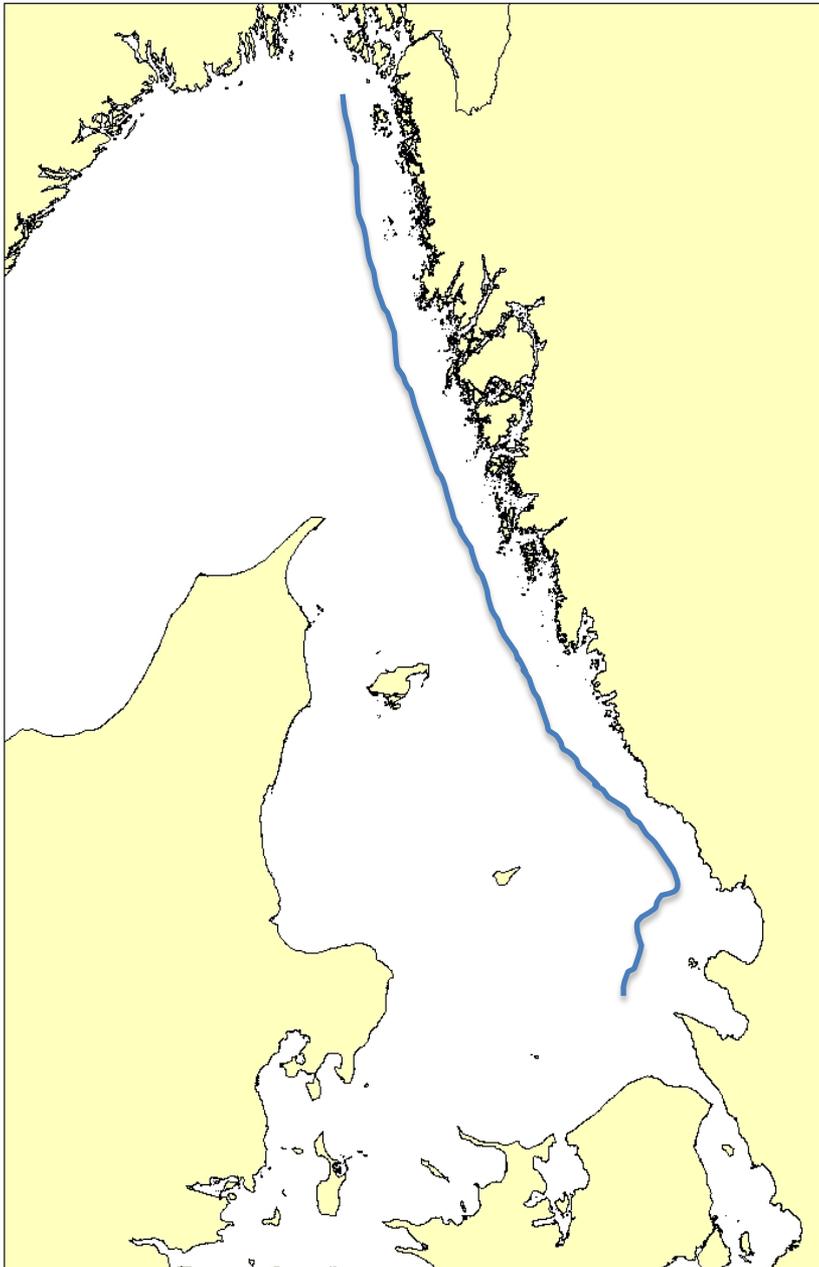
# Sweden coastal cod, dramatic reduction since 1970s Part of Swedish environmental objectives

Survey distributed to

Recreational Anglers,	791 responses (32%)
The General Public and	2141 resp. (51%)
Desk officers at Swedish EPA	88 responses (36%)



Attribute	Levels
<b>&gt;=5 year cod/trawl hour</b>	(2), 25, 50, 100 kg
<b>Restrictions of when and where to fish</b>	(Like today). No fishing at all for cod inside the existing trawl boundary. The trawl boundary is moved 3.7 km further out from the coast. Inside the boundary, trawl fishing is prohibited.
<b>+Tax/month (year) the next 10 years</b>	(0), €5, €10, €20, €50 (€600)      SEK10 ≈ €1
<b>Tax distribution</b>	Everybody pays the same amount, irrespective of income level. Everybody pays the same percentage of their income, amount increases with income



Existing trawl boundary

Restriction 1:

Moved further 2 nautical miles out from the coast

Restriction 2:

No fishing at all for cod inside existing boundary

	Alternative 1 (today)	Alternative 2	Alternative 3
<b>&gt;=5 year cod/trawl hour</b>	About 2 kg	About 50 kg	About 25 kg
<b>Restrictions of when and where to fish</b>	Like today	No fishing at all inside the existing trawl boundary	The trawl boundary +2 naut. miles
<b>+tax/month (year) the next 10 years</b>	€ 0	€ 20 (€ 240)  SEK10 ≈ €1	€ 10 (€ 120)  SEK10 ≈ €1
<b>Distribution of tax</b>		the same amount, irrespective of income level.	the same % of income
<b>Mark preferred (X)</b>			



# Hypotheses

Between groups within populations

- Higher MWTP in Homo Pol vs Homo Econ for increased cod stock and for no fishing at all
- cost sharing, Homo Econ should not care
- Bureaucrats survey at work, likely small diff between Homo Pol and Homo Econ



# Hypotheses

Between populations within groups

- Bureaucrats higher MWTP for cod compared to public
- Anglers higher MWTP for cod compared to public
- Anglers more negative to stop all fishing inside trawl boundary
- We think that others' payment to the environmental good matters, i.e. Homo Pol assumption more accurate than Homo Econ in this case

	Experimental group : Homo Economicus					
	General public		Recreational anglers		SEPA	
	Coeff.	WTP	Coeff.	WTP	Coeff.	WTP
Attributes						
Increa. Cod Stock	0.014**	0.234 [-0.307; 0.775]	0.008***	1.97*** [1.07; 2.87]	0.018**	3.04*** [0.67; 5.41]
Stop fish. policy	0.242	-110*** [-143; -78.2]	-1.29***	-308*** [-388; 5.41]	-0.394	-66.8 [-189; 55.8]
C. Share: % of inc	0.604**	118*** [88.3; 147]	0.474***	114*** [63.6; 163]	0.425*	72.1 [-103; 247]
Price	-0.006***		-0.004***		-0.006***	
Intercept	-7.64***		-11.2***		-68.9***	
Cod*female	-0.009***		Attrib x socioec. variables			
Cod*university	0.004					
Cod* Age	-0.0002**					
Cod*income	0.000					
Stop*female	-0.183					
Stop*university	-0.176					
Stop* Age	-0.018***					
Stop*income	0.001					
%*female	0.271**					
%*university	0.172					
Percentage * Age	0.005					
Percent. *income	-0.011**		Standard deviation (below)			
Incr. of Cod Stock	0.022***		0.0189***		0.028***	
Stop fish. policy	1.639***		1.886***		0.807***	
Cost % of income	1.183***		0.871***		0.107***	
Intercept	7.140***				54.007***	
Pseudo R2	0.394		0.433		0.442	
Nr. Obs	5315		1943		259	



Experimental group: Homo Politicus – Homo Economicus	Population		
	General Public	SEPA	Recreational anglers
Increase of Cod stock	-0.014	0.1405	.016
Stop fishing policy	-30.58	-10.94	103.8**
Cost sharing: Percentage of income	36.97*	-14.96	11.52



# The effect of population on MWTP given Homo Economicus

	Population		
	General Public - SEPA	General Public -- Recreational anglers	SEPA - Recreational anglers
Increase of Cod stock	-2.807*	-1.737***	1.071
Stop fishing policy	-59.708	197.659***	241.297***
Cost sharing: Percentage of income	45.521	4.076	-41.445



	Population		
	Public - SEPA	Public - anglers	SEPA - anglers
Increase of Cod stock	-2.963***	-1.768***	1.195
Stop fishing policy	-63.271	63.276*	126.548***
Cost sharing: Percentage of income	97.452**	29.526	-67.927



## Conclusion

SEPA staff (anglers) MWTP cod >> general public

Preferences for fishing restrictions SEPA  $\approx$  public

When Homo Politicus, preferences for fee as % share of income  
public >> SEPA

Homo Economicus assumption rejected in terms of that others' payment do matter for both public and anglers

Homo Econ vs Homo Pol, not many significant changes but

Anglers significantly reduce MWTP for avoid stop fishing policy as Homo Pol

And public preferences for paying share of income significantly higher than SEPA when Homo Politicus