GLOBAL AGENDA IN SOCIAL SCIENCES

Global Studies Vol.8

İSMAİL ŞİRİNER
MURAT AYDIN



IJOPEC
PUBLICATION
London ijopec.co.uk Istanbul

GLOBAL AGENDA IN SOCIAL SCIENCES

Edited By
İsmail Şiriner
Murat Aydın

Global Agenda in Social Sciences
(Edited by: İsmail Şiriner, Murat Aydın)

IJOPEC PUBLICATION
London ijopec.co.uk Istanbul

IJOPEC Publication Limited
60 Westmeade Close
Cheshunt, Waltham Cross
Hertfordshire
EN7 6JR London

www.ijopec.co.uk
E-Mail: info@ijopoc.co.uk
Phone: (+44) 73 875 2361 (UK)
(+90) 488 217 4007 (Turkey)

Global Agenda in Social Sciences
Global Studies Vol.8
First Edition, December 2021
IJOPEC Publication No: 2021/10

ISBN: 978-1-913809-27-0

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronically without author's permission. No responsibility is accepted for the accuracy of information contained in the text, illustrations or advertisements. The opinions expressed in these chapters are not necessarily those of the editors or publisher. A catalogue record for this book is available from Nielsen Book Data, British Library and Google Books.

The publishing responsibilities of the chapters in this book belong to the authors.

Printed in London.

Cover Design & Composer:
IJOPEC Art Design

Cover illustrators are from Pinclipart & Freepik

CONTENTS

LIST OF CONTRIBUTORS 7
INTRODUCTION: GLOBAL AGENDA IN SOCIAL SCIENCES 13
İsmail Şiriner, Murat Aydın

PART I
ACCOUNTING & FINANCE: FIT IN WITH CONTINGENCY

1. THE END OF ACCOUNTING: NEW ERA ON THE HORIZON 23
Hasan Gül

2. THE ENVIRONMENTAL MANAGEMENT ACCOUNTING AND SUSTAINABILITY MANAGEMENT ACCOUNTING FROM THE STRATEGIC COST MANAGEMENT PERSPECTIVE 37
Deniz Özbay

3. RELATIONSHIP BETWEEN MANAGEMENT ACCOUNTING PRACTICES AND OPERATIONAL PERFORMANCE BASED ON CONTINGENCY THEORY: A LITERATURE REVIEW 53
Ece Kozol, Başak Turan İçke

4. EFFECT OF POST COVID 19 ON GLOBALIZATION 63
Komal Ahmed, Saba Taj

5. ESTIMATION OF THE VALUE-AT-RISK AND EXPECTED SHORTFALL WITH LONG MEMORY GAS MODELS 75
Burak Alparslan Eroğlu, Haluk Yener

6. GREEN MANAGEMENT AND SUSTAINABILITY: RISK MANAGEMENT, STAKEHOLDER RELATIONS, FINANCE AND INNOVATION / YEŞİL YÖNETİM VE SÜRDÜRÜLEBİLİRLİK: RİSK YÖNETİMİ, PAYDAŞ İLİŞKİLERİ, FİNSANS VE YENİLİK 85
Duygu Hıdıroğlu

PART II
ECONOMICS: CURRENT PROBLEMS

7. ASYMMETRIC EFFECTS OF MONETARY POLICY IN TURKEY IN THE PANDEMIC PERIOD / PANDEMİ DÖNEMİNDE TÜRKİYE'DE UYGULANAN PARA POLİTİKASININ ASİMETRİK ETKİLERİ 101
Seçil Yıldırım Karaman

8. THE EFFECT OF EXPORT ON EMPLOYMENT: REVISITING CASE OF TURKEY / İHRACATIN İSTİHDAMA ETKİSİ: TÜRKİYE ÖRNEĞİNE YENİDEN BİR BAKIŞ 111
Mehmet Aydıner

9. TIME-RELATED UNDEREMPLOYMENT IN TURKISH LABOR MARKET 121
Bilge Eriş-Dereli

10. MIDDLE INCOME TRAP FOR D-8 COUNTRIES / D-8 ÜLKELERİ İÇİN ORTA GELİR TUZAĞI 133
Talha Yasin Duman, Hilal Yıldız

11. NEW KEYNESIAN PHILLIPS CURVE FOR TURKEY: ESTIMATION WITH DIFFERENT OUTPUT GAP FILTERS....145
Burhan Biçer, Almıla Burgaç Çil, Fikret Dülger

12. THE RELATIONSHIP OF GOLD PRICES AND DOLLAR, BIST100, OIL PRICES IN TURKEY: ANALYSIS WITH VECM (2011-2021) 165
Hilal Yıldız, İmren Okur

13. MEN, MASCULINITIES AND POVERTY 179
F. Özlem Tezcek

PART III
INTERNATIONAL RELATION AND PUBLIC ADMINISTRATION: GLOBALIZATION AND PUBLIC POLICIES

14. CONTEMPORARY ISSUES OF GLOBALIZATION IN THE THIRD WORLD COUNTRIES.....193
Sabeen Azam, Fatima Baloch

15. GLOBAL POLITICS AND 'ARCASIA': ASIAN POWERS' PUSH TO ENGAGE IN ARCTIC POLITICS 203
Adnan Dal

16. THE EFFECT OF COVID-19 PANDEMIC ON CONSUMPTION EXPENDITURES IN TURKEY: EVENT ANALYSIS 219
Gülsüm Akarsu

17. THE GLOBAL PANDEMIC AND DIGITAL EFFICIENCY IN THE PUBLIC SECTOR / KÜRESEL PANDEMİ VE KAMU SEKTÖRÜNDE DİJİTAL VERİMLİLİK 237
Asime Dilara Erdem, Filiz Tufan Emini Kurtuluş

18. METROPOLITAN CITY ACT IN TURKEY WITH RECENT CHANGES 251
Alaeddin Bobat

PART IV
PUBLIC FINANCE: FROM A DIFFERENT PUBLIC FINANCE VIEWPOINT

19 . EXAMINATION OF THE NEW PUBLIC FINANCIAL MANAGEMENT AND ITS REFLECTIONS TO THE LAW NUMBER 5018 / YENİ KAMU MALİ YÖNETİMİ VE 5018 SAYILI KANUNA YANSIMALARININ İNCELENMESİ 261
R. Kutlu Korlu

20. PUBLIC POLICIES AND LIBERTARIAN PATERNALISM: "NUDGING" 269
Murat Aydın, İsmail Şiriner

21. VOLUNTARY AND ENFORCED TAX COMPLIANCE: A STUDY ON SELF-EMPLOYED / GÖNÜLLÜ VE ZORUNLU VERGİ UYUMU: SERBEST MESLEK KAZANCI ELDE EDENLER ÖZELİNDE BİR UYGULAMA 283
Rana Dayıoğlu Erul

PART V
PHILOSOPHY: SOCIAL SCIENCES AND THOMAS KUHN

22. A TENSION IN THE RELATIONSHIP OF PHILOSOPHY AND SOCIAL SCIENCES: SOCIAL PHYSICS AND POSTMODERN SOCIAL SCIENCE / FELSEFE VE SOSYAL BİLİMLER İLİŞKİSİNDE BİR GERİLİM: SOSYAL FİZİK VE POSTMODERN SOSYAL BİLİM.....299
Mehmet Ali Sarı

23. THEORY CHOICE, UNDERDETERMINATION AND THOMAS KUHN / KURAM SEÇİMİ, EKSİK BELİRLENİM VE THOMAS KUHN.....307
Alper Bilgehan Yardımcı

24. THE THEORY OF INCOMMENSURABILITY AND ITS MAIN DIMENSIONS IN KUHN'S UNDERSTANDING OF SCIENCE / KUHN'UN BİLİM ANLAYIŞINDA EŞ-ÖLÇÜLEMEZLİK SAVI VE ANA BOYUTLARI.....315
Mehmet Ali Sarı

PART VI
EDUCATION: DEVELOPMENTAL PSYCHOLOGY AND ATTITUDES OF ADOLESCENCES

25. ADOLESCENCE IN DEVELOPMENTAL PSYCHOLOGY: "OPPORTUNITIES" OR "STORM AND STRESS" PERIOD / GELİŞİM PSİKOLOJİSİNDE ERGENLİK: "FIRTINA VE STRES" DÖNEMİNE KARŞILIK "FIRSATLAR" DÖNEMİ.....327
O. Nejat Akfırat

26. EXAMINATION OF PARENTING ATTITUDES OF TURKISH IMMIGRANT MOTHERS LIVING IN GERMANY / ALMANYA'DA YAŞAYAN TÜRK GÖÇMEN ANNELERİN EBEVEYNLİK TUTUMLARININ İNCELENMESİ.....335
O. Nejat Akfırat

PART VII
MUSIC: FROM TRADITIONAL TO MODERN

27. SOUNDSCAPES OF ISTANBUL DURING THE MODERNIZATION PERIOD (THE 1800s-1930s) / MODERNLEŞME DÖNEMİNDE İSTANBUL SES MANZARASI: GELENEKSEL SES ALANINDAN MODERN SES ALANINA GEÇİŞ (1800 -1930).....355
Mustafa Avcı

PART VIII
TOURISM: SUSTAINABLE TOURISM

28. UNDERSTANDING THE INTERACTION BETWEEN GLOBALIZATION AND SUSTAINABLE TOURISM / KÜRESELLEŞME VE SÜRDÜRÜLEBİLİR TURİZM ARASINDAKİ ETKİLEŞİMİ ANLAMAK.....371
Emel Adamış

20

PUBLIC POLICIES AND LIBERTARIAN PATERNALISM: "NUDGING"

Murat Aydın[1], İsmail Şiriner[2]

Abstract

One of the fundamental assumptions of neoclassical economics has been the utility maximization of individuals by taking rational decisions and longing for their own interests. On the contrary, behavioral economics stresses that utility maximization of individuals is affected by several factors such as cognitive boundaries, prejudices, routines, decision-making mechanisms, uncertainty and complexity. These factors also make it difficult for individuals to make decisions. Thus, behavioral economics proposed that 'nudging' could be a way of increasing individuals' life quality, with their decisions being adjusted in a good direction. Moving from the idea that individuals cannot be rational every time, the aim of this chapter is to discuss pros and cons of applying libertarian paternalism in the public sphere of economy, health and taxation by conducting a literature review. Therefore, by emphasizing different public policies, this chapter contribute to the existing literature by increasing the decision-making ability of individuals.

Keywords: *State Policies, Libertarian Paternalism, Nudging, Behavioral Economics*

Introduction

Various public policies are generated in many countries based on their economic, social, political and cultural characteristics. Therefore, governments use strong, mild or in-between libertarian public policies. While governments aim to eliminate some behaviors by implementing strong libertarian paternalism, they attempt to change some behaviors with high cost or low cost by using mild libertarian paternalism. In-between libertarian paternalism mainly improves the faulty decision-making abilities of individuals to higher levels of decision-making.

Libertarian paternalism is based on the rejection of the neoclassical economics theory that every human is a homo economicus, a theory that was shown to be consistently invalid. Thus, policies that are designed by policy makers should only be implemented when they secure welfare and a better state for citizens. However, this approach brings together several critics such as it restricts individual freedom, it is not necessarily based on moral values, it is difficult to control and it often favours individual interests of policy makers. By means of a literature review, this chapter aims to address the implementation of libertarian paternalism in public policies, with its negative and positive effects, as well as critical views.

1. Public Policies

Public policies refer to a general entity where government actions are realized in order to reach the state objectives (Cochran & Malone, 2014, p. 3). Dye puts it as "choices of the government to do or not to do". This includes

1 *(Çanakkale Onsekiz Mart University),* murataydin@comu.edu.tr, ORCID ID: 0000-0002-1866-1429
2 *(Batman University),* ismail.siriner@batman.edu.tr, ORCID ID: 0000-0002-4647-2252

the governments' decision to go into action in order to overcome a problem or not. State policy also describes an action plan that guides a series of actions about a certain problem (Mackay, 2007, p. 1). Anderson also stresses that a public policy encompasses intended actions that form a whole (Şahnagil, 2017, p. 78). According to Heywood (2015, p. 434), public policies are stated decisions of administrative units, which reflect governmental attitudes in the level of intentions and behaviors in the level of actions, governmental activities in the level of results to the general sphere of the society. The public policy concept is widely used and frequently experienced in daily life. However, the concept can gain different meanings depending on the area in which it is applied and on the fact that individuals' perceptions change based on the characteristics of these policies (Philip & Peter, 2013, p. 6). Therefore, there is no generally accepted definition of public policy (Cochran & Malone, 2014, p. 3).

The literature reports different definitions of public policies and different taxonomies. Lowi (1964) and Dunn (2018, p. 256) talks about the distributive, regulatory and re-distributive feature of public policies, McKinney and Howard (1998) refer to its fundamentalist and functionalist feature, Torjman (2005) discusses differences in policies with regard to concrete-administrative, vertical-horizontal, responsive-proactive, existent and futuristic policies and Demirhan (2016, pp. 55-57) stresses their objectives, scope, periods, effects, rationality. However, it is not possible to differentiate these classifications with clear boundaries. Because a classification based on objectives also includes other classifications based on scope and terms.

The design and implementation of public policies bring together the policies of state institutions that represent the legislative, executive and judicial power (i.e., government, state bureaucracy, parliament and judicial bodies) to some extent. The policies of these institutions are affected by non-formal and civic actors. Moreover, not only domestic actors, but also international actors affect their policies, such as international institutions, multinational companies, global volunteers (Demirhan, 2016, p. 55; Kavak, 2016, pp. 85-117).

2. Libertarian Paternalism

The word paternalism comes from the Latin word 'pater' meaning father. It is mostly used in relation to father (Çalışkan & Özkoç, 2016, p. 241). The idea of paternalism stems from the fact that states adopting the ideology of welfare want to protect the rights of their citizens (Köksal, 2011, p. 103). Here, the state assumes the role of a father and tries to make decisions on behalf of the child, with the idea that 'I know what is the best rather than the child' (Aydın, 2017, p. 153). Because the concept is derived from patriarchy, it is generally turned into a process in which one protects the other like a father and expects loyalty and obedience in return (Köksal, 2011, p. 103). Paternalism is also expressed by different concepts such as non-coercive abuse, benevolent dictatorship, and velvet gloves (Çalışkan & Özkoç, 2016, p. 241).

John Stuart Mill, in his book 'On Freedom' considered all kinds of paternalism to be legitimate with one simple reason and a very simple principle, regardless of whether it was realized by private individuals or the state. It is the 'harm principle' (Coons & Weber, 2013, p. 1; Mill, 2003, p. 94; Ashford, 2018, p. 65). According to this principle,

"The sole purpose of legitimate use of force against any member of a civilized community against his will is to prevent harm to others. Whether in physical or moral terms, one's own well-being is not sufficient assurance".

The idea of preserving the "private sphere, which is a *sine qua non* of the ideal of freedom, does not allow anyone to interfere with the right of another individual to decide. However, as the philosopher Don Brock states in

the paternalistic thought, it is for any person to interfere with his freedom for the sake of another person" (Aydın, 2017, p. 153; White, 2013, p. 69).

Paternalism is classified in different ways. First of all, according to the purpose of protecting one's self or others, the distinction between pure and impure paternalism is made (Aydın, 2017, pp. 155-159). That is:

- In pure paternalism, it is for one's own good to allow another individual to restrict his or her freedom.
- In impure paternalism, it is possible to allow the freedom of another person to be restricted.

Another classification for paternalism is Hayry's distinction between soft and hard paternalism (Aydın, 2017, pp. 155-159).

- Soft paternalism emcompasses impulses that do not violate one's autonomy much. As an example, the warning signs placed on cigarette packs.
- Hard paternalism encompasses interventions that violate one's free will. It is divided into two types, as weak and strong:
  - o With weak paternalism it is possible to prevent a person from behaving in a way that he/she does not really want or choose. This can be seen in four different stages, namely individuals' special situations, lack of control, lack of information, excessive impact. For example, the protection of children from electrical outlets.
  - o Strong paternalism interventions protect the individual against his/her actions, which include conscious (autonomous and voluntary) risky choices. Preventing suicide is an example of strong paternalism.

Kirschgässner (2014, p. 4) classifies paternalism in three different types: strong, moderate and soft:

- Strong (or harsh) paternalism: Includes government orders and prohibitions.
- Moderate paternalism: Includes instruments such as taxes and subsidies.
- Soft (libertarian) paternalism: Providing information and presenting it appropriately. The classic example is the 401(k) accounts in the US pension system.

Libertarian paternalism includes the claim of encouraging people to make choices if they have better decision-making skills than making decisions based on imperfect decision-making skills (White, 2013, p. XIII). The term libertarian paternalism or "Liberal Patriarchal Approach" was first coined in 2008 by Richard H. Thaler and Cass R. Sunstein (Thaler & Sunstein, 2017). Libertarian paternalism recognizes the necessity of paternalism because of the presence of behavioral abnormalities, but is only intended to implement measures that do not restrict individuals' decision-making (Kirschgässner, 2014).

In libertarian paternalism, the state intervenes with nudges in accordance with the rules formulated based on ethical principles and may affect decisions that benefit all citizens (Neubauer, 2017, p. 5). Therefore, the idea of libertarian paternalism may at first seem like an oxymoron (Högy, 2014, p. 2). Libertarian expresses the political philosophy that emphasizes individual freedom and opposes government intervention (Egan, 2017, p. 11), while paternalism involves the claim that one person knows better what is good for another person (White, 2013, p. 69). Therefore, the concept differs considerably when dealing with individual freedoms. Individual preferences and resulting behavioral patterns are manifestations of free life, for which the state is not responsible and cannot

intervene. However, the findings of behavioral economics and psychology show that people's decision-making processes do not exhibit rigid rational behavior when subjected to systematic errors. Therefore, libertarian paternalists assume that it is possible and legitimate to influence decision-making behaviors with impulses to make people better in terms of their own decisions (Högy, 2014, p. 2). As Sunstein and Thaler (2003, pp. 1-4) put forward, the idea of libertarian paternalism may seem contradictory, but here both the private and public institutions respect the possible and legitimate freedom of choice that will affect behavior. They strive to move people towards a better life. Because here, private and public planners not only try to follow the choices people prefer, but also consciously try to move people in a direction that promotes their well-being (Urban, 2017, p. 5).

As Thaler and Sunstein (2017) stated in their work titled 'Improving Decisions on Nudging, Health, Wealth and Happiness', people are directed to be guided without prohibiting their behavior and restricting their freedom of choice. This implies that the nudge is in the sphere of libertarian paternalism. Libertarian paternalism goes beyond impulse, while impulse works independently of the factual knowledge and rational arguments within libertarian paternalism (Hansen, 2016, p. 4). In order to understand libertarian paternalism, it is necessary to address the assumptions and the subject of nudge separately.

2.1. Assumptions of Libertarian Paternalism

Under the assumptions of libertarian paternalism, in the following paragraphs people and economics, the choice architecture, the best choice and freedom of choice and whether or not paternalism is inevitable (Högy, 2014, p. 2) are discussed.

- ***People and "Econs"***

According to classical economics, all people are seen as homo economicus. Namely, people are thought of having the memory of Albert Einstein and the strong will of Mahatma Gandhi. However, in the words of Thaler and Sunstein (2017, p. 18), people are not like that in everyday life. Because they cannot multiply or divide large numbers without a calculator, sometimes they even forget their spouse's birthday, they cannot remember different or cannot make unbiased decisions. Therefore, they are not homo economicus but homo sapiens (human only). Behavioral economists characterize human behavior by making this distinction. The differentiation corresponds to the image of two people who are diametrically opposite (Högy, 2014, p. 2). Thaler and Sunstein underline that there are two systems of grasping and comprehension (Table 1). These are the thought system and the automatic system.

Table 1: Comprehension and Grasping Systems

Automatic System	Thought System
• Uncontrolled • Effortful • with association of ideas • Rapid • Unconscious • Masterful	• Controlled • Effortless • Deductive • Slow • Conscious • Based on Rules

Note: Adapted after Thaler and Sunstein (2017, p. 35).

As can be seen from Table 1, the automatic system and the thought system are diametrically opposite. Therefore, corresponding decisions will differ. In particular, the possibility of irrational decisions, contrary to popular belief,

is increasing. Kahneman and Tversky also stated that misconceptions as well as cognitive prejudices will often lead people to make irrational decisions (Bruttel & Stolley, 2014, p. 768). Kahneman (2011, p. 311) stated that, unlike "econs", many people have a first system (automatic) and their worldviews are limited to the information obtained at a given moment. In other words, he emphasized that people could not be as stable and rational as "econs", because they are sometimes generous, and often willing to contribute to the group to which they belonged. Objects and environments should be designed based on the basic characteristics of human beings because the world is composed of people, not "econs" (Thaler, Sunstein & Balz, 2010, p. 4).

- ***Selection Architecture:***

People want their perceived nudges and warnings to be compatible with the action they aim. If nudges and warnings are not compatible, their performance is negatively affected. As a result of the action, undesirable, silly, funny, or strange mistakes may occur. For example, green signs in traffic mean go, flat plates mean push me, and big arms or stalks say pull me. When people try to go to the green stop sign, they try to pull some doors in the place to be pushed. This is because there is an architectural error in adapting to the basic principles of human psychology. For this reason, selection architects should adopt the same logic when making decisions. People have the power to influence their choices indirectly. This makes them the architect of choice (Thaler & Sunstein, 2017, p. 53).

The fact that the fuel caps of vehicles are connected to the car with a plastic tie (maximum value of ten cents) prevents the loss of the caps, while the fact that the pump heads are different for gasoline and diesel in some gas stations can prevent serious economic losses and stress by eliminating the possibility of putting a different fuel into the tank. Contrary to popular belief, architects of choice do not always have the best ideas for peoples' interests. For example, menu designers want to promote profitable items by printing in bold. In some magazine subscriptions, a free subscription can be provided for three months. Then, the subscription fee can be debited automatically without any warning. These are bad examples for architects of choice (Thaler & Sunstein, 2017, p. 53, 112-121; Thaler, Sunstein & Balz, 2010, pp. 3-4).

Many institutions and organizations in the public and private sectors have found that people now have irrational decisions that may arise from deformed and neglected options. Therefore, it is argued that selection architecture should be implemented if the choices made by the selectors or the selection architects are trying to influence life in a way that makes them better, as they understand it. Selection architects can force selectors to make their own choices, which is called "necessary choice" or "commanded choice" (Thaler & Sunstein, 2017, p. 16). If anything you do affects the way people choose, then there is selection architecture (White.net, 2014). But it is important to remember that a good selection architecture system helps people to make better choices by improving their planning skills. Choices of people should be directed by planning how to present the options. For this, information about the various options should be made easier to use. When buying apples to make a glass of apple juice, it is also important to know that it is necessary to buy three apples. Thaler and Sunstein (2017, pp. 16, 124-125, 133) offer six sketches for good selection architecture. These are expressed as incentives, understanding planning, faults and omissions, warning and information, waiting for error, and planning complex choices.

- **Best Choice and the Freedom of Choice**

The concept of rationality comes to mind when it comes to best choice. Rational means reasonable, based on the rules of reason, measured, rational and affordable. Neoclassical economic approach, while already explaining human behavior, accepts that the individual is rational in all conditions and situations, has unlimited willpower, and

pursues own interests. Many economic thinkers, particularly Smith and Bentham, have also examined the impact of preferences and beliefs on economic decisions. However, the relationship between psychology and economics has been broken by the dominance of neoclassical thinking and this relationship has now settled on a mathematical level (Kitapcı, 2017, p. 86).

The most important criticism of the neoclassical rational choice theory was made by Herbert Simon (1979) with limited rationality. Simon's thoughts are based on a man of limited knowledge and mind rather than an economic man. He stated that people do not take all options into consideration when making decisions, but try to make decisions within their own limitations. Thus, people are rational but also they are limited. In Simon's words, "decision units face a number of cognitive limitations in making decisions. Therefore, the limits of information and its capacity to process information allow us to maintain rationality to a certain stage" (Altunöz & Altunöz, 2016, pp. 38-39).

Akerlof and Shiller (2010, pp. 23-26) stated that "animal spirits" can affect economic as well as non-economic decisions. Animal spirits refer to mental energy and life force. Human psychology can be affected by five fundamental spirits such as justice, trust, corruption and anti-social behaviour, the illusion of money and stories. In addition, many of the characteristics of human behaviour, which are not tackled by standard economics, are "behavioural decisions, excessive avoidance of losses, framing effect, self-serving bias, herd psychology, hedonism, snob effect, prejudices, gambler trap, backward vision, altruism and mental accounting have been put forward by behavioural economics. This situation also expanded the framework of standard economics (Altunöz & Altunöz, 2016; Diamond & Vartianien, 2016, p. 1).

Research shows that people cannot use all information effectively in the case of both incomplete and excessive information. Therefore, it has been suggested that rational choice theory is a complex one (Yaşar, 2016, p. 13). It is emphasized that irrational decisions can be made in uncertain and complex situations due to the effects of many factors such as emotion, culture, ethics, environment, economic conditions, the difficulty of accessing full information, the presence of asymmetric information situation, as well as decision-makers (Bookstore, 2017, p. 92).

The fact that people are not rational in many decisions they make does not mean that all decisions can be made directly on their behalf. In other words, within the decision-making process, it is recommended to implement measures with no full limitation effect via nudging. Particularly, without limiting freedom of choice, the decision-making process is improved so that they can make the right decisions. For example, telling persons who want to make apple juice that they should buy three apples, or making fruit more appealing than junk food are approaches that respect the freedom of choice. Here, selection architects have the responsibility of organizing these approaches only when people decide on any issue (Thaler & Sunstein, 2017, p. 13).

- **Is Paternalism Inevitable?**

Behavioral economists argue that people are unpredictably irrational in a number of ways, and as a result, the design of public policies plays an important role in improving decision-making. Behavioral economists working on this issue have identified a number of obstacles that make it difficult for people to make choices that best serve their interests (Gill & Gill, 2012, pp. 1-2). The presence of these barriers also necessitates paternalism. In fact, libertarian paternalists have deemed it possible and legitimate to influence peoples' decision-making behavior with impulses. Because many factors such as people having self-control problems and careless choices can inevitably lead to bad results. For example, many practices, such as continuing to smoke despite the fact that smoking

is known to be harmful, and continuing to consume junk food despite the fact that overly fatty, salty and sugary foods are known to be harmful to health, require people to be poked according to libertarian paternalists (Thaler & Sunstein, 2017, p. 13).

Sometimes it is possible that selectors abide by the logic that "if I do not do something, there is no problem, everything will continue as it is". However, this idea may not always be true. For example, with a chainsaw or a lawnmower, people may be injured, disabled or even killed as a result of a slight thoughtfulness. However, some machines have a dead man switch, they automatically turn themselves off when the hand is pulled (Thaler & Sunstein, 2017, pp. 53, 112-121; Thaler, Sunstein & Balz, 2010, pp. 3-4). This reveals the necessity of selection architecture or in other words a paternalist approach.

Although market competition often yields good results, in some cases companies may benefit from the weaknesses of people and lead to poor profitability. For example, in the advertisements of many insurance companies, there are conditions that mislead and deceive people. Sometimes it is unclear what will be received in exchange for insurance. Or many goods have unnecessarily extended warranties. Often, if consumer logic is not strong, companies may prefer to encourage it rather than destroy it (Thaler & Sunstein, 2017, pp. 99-109). This situation again leads to the necessity of paternalism. The problem of asymmetric information should be solved and better decisions should be taken.

Libertarian paternalism is therefore seen as a form of economic and political regulation that encompasses neither the left, nor the right, the liberal, the conservative or the social democratic political spectrum. It is even referred to as the real third way of the 21st century public policy. Because the basis of this approach is called non-intrusive according to their representatives (Neumann, 2013, p. 3).

2.2. Nudging

In this chapter, the concept of nudge is seen as a form of choice architecture that can direct human behaviours in a predictable way without prohibiting options or changing economic incentives too much. For example, the prohibition of products to ensure that no prepared food or junk food is eaten is not a nudge. However, it is a nudge to ensure that the fruit is taken into consideration more than junk food (Thaler & Sunstein, 2017, pp. 15-17).

The perspective of libertarian paternalism is actually the main theme of nudging. Because nudging acts as a tool to consciously follow certain political, economic or social intentions. For this reason, the work of Thaler and Sunstein was entitled *Improving Decisions on Nudge, Health, Wealth and Happiness*. Nudging is described as a tool to promote health, wealth and happiness (Urban, 2017, pp. 5-6). In general, nudging slogans are used to mobilize someone for happiness (Hansen, 2016, pp. 19).

There are some assumptions about the human nature accepted by the nudge theory. Namely, human beings (Altunöz & Altunöz, 2016, p. 116):

- Focus on things that will provide maximum benefit (or profit);
- imitation is an important behaviour;
- give too much importance to visual characteristics;
- do not find enough power to solve difficulties they face.

Behavioral research suggests that many details that are often considered small and insignificant in people's lives can actually change their behavior significantly by "nudges" (Thaler & Sunstein, 2017, p. 14).

3. Applicability of Libertarian Paternalism in the Design of Public Policies

There are three different tools that policy makers can use to ensure the implementation of policies. These consist of orders and prohibitions, financial incentives (taxes and subsidies) and persuasion and warnings (van Oorschot et al., 2013, p. 3). As Kirschgässner puts it, while it is possible to eliminate certain behaviors with orders and prohibitions, it is possible to make certain behaviors stronger or weaker with financial incentives or to influence behaviors by providing information only with libertarian paternalism (Kirschgässner, 2014, p. 4).

The basic assumption underlying the concept of libertarian paternalism is based on the necessity to distinguish between "right" (long-term) and "real" (short-term) choices. Because it is possible that short-term preferences are biased for many reasons that behavioral economists put forward. The aim here is to ensure that the differences between short-term and long-term preferences are not closed by strong and moderate paternalist approaches but by methods of libertarian paternalist "nudges" by eliminating information asymmetry (Kirschgässner, 2014, p. 4).

In standard welfare economics, it is accepted that people act according to their own preferences. This raises the problem of how to behave in public policies when the behaviours of an individual or household are not compatible with the preferences that may be related to welfare and policy analysis (Stern, 2016, p. 78). Experimental literature in behavioral economics also reveals that many events that are quite irrelevant for decision-making in the standard model may actually have a major impact beyond what is anticipated (Saez, 2016, p. 81). Because individual preferences may or may not be affected by public activities themselves (Stern, 2016, p. 78). However, many people who adopt freedom of choice often want to be given the right to choose by refusing any patriarchal intervention. According to them, many elected government officials or appointed bureaucrats can sometimes think of their own interests in the first place. The beneficiary may also take into account the narrow wishes of the interest groups. At this point, it is possible to increase the risk of errors, and incidents such as biases and deceptions can scale up to serious levels. For all these reasons, it is argued that nudges about command, needs and prohibitions should exist (Thaler & Sunstein, 2017, pp. 21-23).

Many people often think that they can make the right choice for their own interests, or at least do better for themselves than others. However, Thaler and Sunstein revealed that this thought may be a false thought contrary to what is believed (Thaler & Sunstein, 2017, p. 21). Kahneman (2011, pp. 18-19), in his book "Thinking Fast and Slow", examined both the variables of intuitive thinking such as expert and short path, and the fully automatic mental activities of perception and memory. Therefore, it was important to understand that the so-called "nudges" are different, as behavioral economists have stated. It is stated that policy makers should avoid regulations such as prohibitions and orders that limit the choice of people, but behavioral science can be used to guide people to better choices (Hansen, 2016, p. 1).

Most important applications of libertarian paternalism such as individual savings, organ donations, energy savings, traffic accidents and fight against obesity belong to the public. Ministries, autonomous bodies, private and non-profit research organizations with behavioral insights implement public policies worldwide. The policies implemented by the public are aimed at improving people's lives and influencing results to a great extent. Most of these policies cost either very little or nothing. They increase the importance of libertarian paternalism. In addition,

selectors are ultimately human. They may neglect, forget, or act carelessly. Therefore, it is stated that the role of the public as a policy designer should be to make life as easy as possible and emphasize some of the simplest things. For example, on dangerous highways, by drawing simple lines on lanes, drivers can notice the distances, speed limits and can immediately slow down after seeing a warning (Thaler & Sunstein, 2017, p. 20, 26, 56). As a result of this simple warning, loss of property and life from traffic accidents can be prevented to a great extent.

Despite these positive aspects of libertarian paternalism, there are also criticisms regarding: normality, rationality, human development, choice, individuality and special interests. This approach actually ignores many aspects such as: being free to take risks and making mistakes, which is important for individuals to develop their preference capacities better; having individuals to rely on whether they do participate in obtaining results or not; the purpose of facilitating individual choices is not so clear in practice. These criticisms can be listed under six groups as follows (Gill & Gill, 2012, pp. 3-5):

- Behavioral economists have shown that many people actually make wrong decisions although they think they are rational. This is a claim that bothers individuals, especially because the administrative mechanism or experts that make decisions state that they know the factors related to individual decision-making when deciding. Although individuals do not agree with results, they have to rely on them. Deciding that something is a mistake brings insensitivity to non-expert criticism.
- Following the policy objective, criticisms are launched to increase the harmonization of individuals' behaviour according to accepted norms of rationality. When the decision-making behavior of individuals is evaluated based on rational choice theory, it is observed that the ideal rational choices do not always reveal the desired results of these individuals.
- Being free to take risks and make mistakes is important for individuals in order to develop their preference capacity. However, while libertarian paternalists are justified in impartial, open, and non-sensational public recommendations, learning to determine the best choice in certain situations hinders the development of practical skills in choosing the right one (Kirschgässner, 2014, p. 20).
- The purpose of libertarian paternalism – to facilitate individual choice – is not so clear in practice. In real life, human choices are often contradictory and blurred. A patient's desire for first-line drugs contradicts his will that he should not use second-line drugs.
- Individual-centred solutions may not always be appropriate, as obvious errors in the judgment of individuals do not always occur at the individual level. For example, eating excessive food can be interpreted as overestimating the current individual consumption. This way, libertarian paternalist policies can be applied in the form of warnings regarding health problems related to obesity. However, this interpretation does not take into account factors such as socio-economic status, physical design of the environment, socio-cultural norms and costs, laws, policies, behaviors.
- Libertarian paternalist techniques can cause problems when used by private interests. Thaler and Sunstein (2009) argue that too much choice will adversely affect consumers' decision-making, leading to lower demand. Private companies use various techniques to keep their customers confused. For example, some companies apply colour coding to certain products to limit customer preferences. Other companies reduce the number of their products, and some top-level restaurants do not offer consumers any choice.

Conclusion

Individuals' decisions are affected by and vary according to environmental conditions, economic conditions, ethical values, emotional state. When cognitive boundaries, prejudices, routines and systematic errors, decision-making habits, uncertain and complex situations are added, it becomes more difficult to exhibit rational behavior. It is even stated that organizations (just like individuals) can be far from complete rationality due to internal and external factors. Therefore, in order to prevent irrational decisions, decision-making behaviors must be influenced by nudges, which make people better off in terms of their own decisions.

Libertarian paternalists argue that it is possible to increase both individual and social well-being by making public policy and decision-making skills better than making decisions based on imperfect decision-making skills. This claim brings together a lot of criticism, which can be interpreted both from a positive and negative stance. The positive aspects of libertarian paternalist thought are as follows:

- It directs human behavior through knowledge to increase prosperity in "health, wealth and happiness" without banning options and changing incentives.
- It has the intention to implement measures that do not restrict individuals' decision-making and respect individual freedom.
- It is both easy to apply, with very low or no cost.
- People may neglect, forget or be careless by nature. It may be good for the public to make life as easy as possible and to keep in mind some of the simplest things.
- When decisions on health, wealth and happiness are improved, this will not only benefit individuals but also generate significant gains for the public. Politicians will also be successful as a result of the right nudges.

Besides the positive aspects of the libertarian paternalist approach, there are negative aspects that should not be ignored. These are the following:

- Many negative impulses may emerge at the point of departure from ethical rules.
- In cases where ethical rules are discarded, there is a question of what will happen if a chance of choice is removed following a policy of nudges.
- If, for example, people are driven to the automatic pension system, this may fit their long-term (for undecided, wrong decision-makers) interests. However, the question of how well the return of this preference will be compared to other investment areas such as foreign exchange, repo, gold, stock exchange and real estate cannot be answered. This implies that although the nudge is apparently good, it may not be "good in the long run compared to other investment instruments" (Thaler and Sunstein, 2017).
- The people, the strategies and the ethical values used to achieve control are problematic issues if the public sector, private sector, non-governmental organizations or international organizations and companies apply nudging to every domain.
- Some elected government officials and appointed bureaucrats may be able to make decisions based on their own interests, as well as the narrow aspirations of interest groups.
- The fact that individuals may inadvertently act irrationally (e.g., while developing public policies, some MPs approve decisions they do not want simply because these are advocated by their party) is ignored.

- The freedom of individuals to take risks and make mistakes will be hampered. This will create a community that fits the decisions of others.
- Individuals' choices are often contradictory and blurred. Therefore, one should pay attention to the situations before including them into nudges.

In the design of public policies, it should be considered that the libertarian paternalist approach may have positive as well as negative aspects. Hence, such policies should be designed considering they could be compatible with strong and medium paternalist approaches, and they could even strengthen one another.

References

Akerlof, G. A. & Shiller R. J. (2010). Animal Spirits: How Human Psychology Drives the Economy, and Why it Matters for Global Capitalism. *(Translated By: Neşenur Domaniç ve Levent Konyar)*. İstanbul: Scala Publication House.

Altunöz, U. & Altunöz H. (2016). Davranışsal Ekonomi (Nörofinans) Kavram, Teori, Uygulama. *İşletme ve Finans*, 150, Ankara: Seçkin Publication House.

Ashford, N. (2018). *Freedom and Principles of Free Society, Chapter 5.* Retrieved on 06 September 2018, at http://www.liberal.org.tr/ uploads/yuklemeler/05-Ozgurluk.pdf.

Aydın, İ. (2017). Yönetimde Paternalizm. In A. Kasapoğlu, A. Çakır İlhan, Z. Güler, *Mahmut Tezcan'a Armağan, Bilime Adanmış Bir Yaşam (1967-2007)* (pp. 152-167). Ankara University Publication House.

Bruttel, L. V. & Stolley, F. (2014). "Ist es im Interesse der Bürger, wenn ihre Regierung Nudges implementiert?, Nudging als politisches Instrument-gute Absicht oder staatlicher Übergriff?". *ZBW-Leibniz-Informationszentrum Wirtschaft, Zeitgesprach, Wirtschaftsdienst* (11), 767-768.

Cochran, C. L. & Malone, E. F. (2014). Public Policy: Perspectives and Choices, 5th Edition. Lynne Rienner Publishers.

Coons, C. & Weber, M. L. (2013). Introduction: Paternalism-Issues and Trends, Paternalism Theory and Practice. In C. Coons & M. Weber (pp. 1-24). Cambridge University Press.

Çalışkan, N. & Özkoç, Aziz G. (2016). Örgütlerde Paternalist Liderlik Algısına Etki Eden Ulusal Kültür Boyutlarının Belirlenmesi". *Journal of Yasar University*, 11 (44), 240-250.

Demirhan, Y. (2016). Kamu Politikaları: Kavramsal ve Kurumsal Bir Çerçeve, Türk Siyasal Hayatında AK Parti Dönemi – Kamu Yönetiminde Değişim, Kamu Politikaları, Kurumsal İlişkiler. Editörler: Seyfettin Aslan & Yılmaz Demirhan), Bursa: Ekin Yayınevi.

Diamond, P. & Vartianien, H. (2016). Introduction to Behavioral Economics and Its Applications (Editors: Peter Diamond ve Hannu Vartiainen) (Translation Editor: Hatime Kamilçelebi), Publication Number: 1525, Economics/Finance No: 142, 1. Translated from Publication, September, İstanbul: Nobel Academic Publication and Education Counselling.

Dunn, W. N. (2018), Public Policy Analysis, An Integrated Approach Sixth Edition, Routledge, Taylor and Francis Group, New York and London.

Egan, M. (2017). An Analysis of Richard H. Thaler and Cass R. Sunstein's Nudge: Improving Decisions about Health, Wealth, and Happiness, ABC, A Macat Analysis, Macat Library, ISBN 978-1-912282-55-5 (e-book) London: Macat

Gill, N. & Gill, M. (2012). The Limits to Libertarian Paternalism: Two New Critiques, and Seven Best Practice Imperatives. *Environment and Planning* C, 30 (5), 924-940.

Hansen, P. G. (2016). The Definition of Nudge and Libertarian Paternalism: Does the Hand Fit the Glove?", EJRR 1, 1-20. http://www.lexxion.de/pdf/ejrr/Pelle_2016_01.pdf.

Heywood, A. (2015). Politics (*Translated By*: B.B. Özipek vd.,), 16. Baskı, Aralık, Ankara: Liberte.

Högy, K. (2014). Libertärer Paternalismus und Nachhaltiger Konsum, Können Unternehmen als Entscheidungsarchitekten nachhaltigen Konsum fördern?", Bachelorthesis, Zur Erlangung des akademischen Grades des Becholar of Arts Sozialökonomie, Wirtschafts-und Sozialwissenschaften, 23. April, Universität Hamburg.

Kahneman D. (2011), Thinking Fast and Slow (Turkish Translation: Osman Çetin Deniztekin ve Filiz Nayır Deniztekin), Varlık Publication House, Sayı: 1465, Sertifika No: 10644, 7. Publictaion: October, İstanbul: Varlık Publication House.

Kavak, K. (2016), Kamu Politikalarının Oluşturulması ve Uygulanmasında Dış Etkiler: Enerji Sektörü Örneği, T.C. Gazi Üniversitesi, Sosyal Bilimler Enstitüsü, Kamu Yönetimi Anabilim Dalı, Kamu Yönetimi Bilim Dalı, Doktora Tezi, Mayıs, Ankara.

Kirschgässner, G. (2014), "Soft Paternalism, Merit Goods, and Normative Individualism", Institute for Advanced Study, Berlin, University of St. Gallen, Swiss Institute for International Economics and Applied Economic Research, Leopoldina und CESifo, February: 1-25.

Kitapcı, İ. (2017), "Rasyonaliteden İrrasyonaliteye: Davranışsal İktisat Yaklaşımı ve Bilişsel Önyargılar", *Maliye Araştırmalar Dergisi*, 3 (1), 85-102.

Köksal O. (2011), "Bir Kültürel Liderlik Paradoksu: Paternalizm", Mustafa Kemal Üniversitesi, Sosyal Bilimler Enstitüsü Dergisi, 8 (15), 101-122.

Lowi, T. J. (1964). "American Business Public Policy Case Studies, and Political Theory", *World Politics 16*, July, 689-690.

Mackay, M. (2007), "Understanding and Applying Basic Public Policy Concepts", University of Guelph Louise Shaxton, Delta Partnership, 1-5.

McKinney, J. B. & Howard, C. L. (1998).Public Administration, Greenwood Publishing Group, United States of America.

Mill, J. S. (2003), Utilitarianism and On Liberty Including Mill's 'Essay on Bentham' and selections from the writtings of Jeremy Bentham and John Austin (Edited with and Introduction by Mary Warnock), second edition, Blackwell Publishing, USA.

Neubauer, L. (2017), Nudge und Paternalismus in Wirtschaft und Politik, Hochschule Harz, Hochschule für angewandte Wissenschaften, Thesenpapier: Ethik im Marketin und in der Marktforschung, December, Wolsfburg, 1-13.

Neumann, R. (2013), Libertarer Paternalismus Theorie und Empirie staatlicher Entscheidungsarchitektur, E-ISBN PDF, 978-3-16-152882-8 Tübingen: Mohr Siebeck.

Phillip, Dahida D. & Peter, Maidokai B. (2013), "Public Policy Making and Implementatation in Nigeria: Conneting the Nexus", *Public Policy and Administration Research*, 3 (6), 56-64.

Saez, E. l. (2016), "Emmanuel Saez'in Değerlendirmesi", 81-84, Introduction to Behavioral Economics and Its Applications (Editörler: Peter Diamond ve Hannu Vartiainen) (Çeviri Editörü: Hatime Kamilçelebi), Yayın No: 1525, İktisat/Ekonomi/Maliye No: 142, 1. Basımdan Çeviri, Eylül, İstanbul: Nobel Akademik Yayıncılık Eğitim Danışmanlığı Tic. Ltd. Şti.

Stern, N. (2016), "Nicholas Stern'in Değerlendirmesi", 78-81, Introduction to Behavioral Economics and Its Applications (Editörler: Peter Diamond ve Hannu Vartiainen) (Çeviri Editörü: Hatime Kamilçelebi), Yayın No: 1525, İktisat/Ekonomi/Maliye No: 142, 1. Basımdan Çeviri, Eylül, İstanbul: Nobel Akademik Yayıncılık Eğitim Danışmanlığı Tic. Ltd. Şti.

Sunstein, Cass R. & Thaler, Richard H. (2003), Libertarian Paternalism Is Not An Oxymoron, Preliminary draft 4/3/03, Forthcoming Universtity of Chicago Law Review, 1-47.

Şahnagil, S., (2017). "Kamu Politikası Oluşturma Sürecinde Bilgi ve İletişim Teknolojileri: E-Devlet Uygulamaları", Mersin Üniversitesi Sosyal Bilimler Enstitüsü e-Dergi, 1, (1), 77-89.

Thaler, R. H. & Sunstein C. R. (2017), Nudge: Improving Decisions About Health, Wealth, and Happiness (Translated By: Enver Günsel), Pegasus Yayınları: 611, 5. Baskı, Kasım, İstanbul: Pegasus Yayınevi.

Thaler, Richard H., Sunstein Cass R. & Balz John P. (2010), "Choice Architecture", There ara 2 versions of this paper, 1-17. https://ssrn.com/ abstract=1583509 or http://dx.doi.org/10.2139/ssrn.1583509.

Torjman, S. (2005). What is Policy? The Caledon Institute of Social Policy, Ottawa.

Urban, M. (2017). Nudging als Instrument zur Förderung nachhaltigen Verbraucherverhaltens im Rahmen der Konsumentenforschung, Druck und Verlag: Hochschule Hof, Fachbereich Wirtschaft, ISBN: 978-3-935565-26-4.

Van O. et al. (2013), "Choice Architecture", Nederlandse School voor Openbaar Bestuur (NSoB), The Hague, March 20, 1-20.

White, M. D. (2013). The Manipulation of Choice Ethics and Libertarian Paternalism, 1st Editon, 978-1-137-28775-5, New York: Palgrave Macmillan.

White.net (2014, August 19), The Six Principles of Good Choice Architecture, White.Your Digital Marketing Department, Retrieved on 15 November 2018, at https://white.net/six-principles-good-choice-architecture/.

Yaşar, O. (2016). Davranışsal Karar Verme, Düşünme, Problem Çözme, 1. Baskı, Ocak, Ankara: Detay Yayıncılık.