

P. Pelikan: Why All Policy Analysis Needs Institutional Economics, and Why This Economics Needs Behavioral and Evolutionary-Developmental Extensions

Abstrakt: Institutional, Behavioral, and Evolutionary-Developmental economics are relatively new fields, each gaining useful knowledge about some of the real-world economic problems that mainstream economics limited to mathematical modeling has been distorting or ignoring altogether. While mathematics is welcome also in these fields, they are not limited to it. So far, however, they have remained largely separated, even when addressing closely related problems. This paper has two purposes: (1) to interrelate the three fields with conceptual precision and enable them to cooperate; (2) to use their cooperation for helping policy analysis increase its reach and avoid errors. This purpose prevents the paper from overgrowing into a too eclectic essay: it allows Occam's razor to admit only those parts of these fields needed for not giving some important policy issues the wrong answer. This need for their parts raises the status of the three fields from free to ignore to indispensable for securing policy analysis against misleading results.