

Consumer decisions from the angle of behavioural economics

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Through reviewing the literature, the article examines how the means of behavioural economics can be used to analyse consumer decisions. Some of the essential conclusions are these: 1. As with non-standard preferences, asymmetrical information prevents a Pareto efficiency developing even with free competition. 2. The empirical findings point to the conclusion that the role of communal preferences is negligible in well-operating short-term market exchange relations. 3. “Sense and sensibility” are often indistinguishable in consumer decision-making, at least partial exploitation of which may explain the gain companies make from advertising and marketing. 4. It is not enough to examine average behaviour: special attention needs paying in regulatory decisions to the situation of consumers most likely to make mistakes. 5. When any market intervention is planned, the theoretical considerations must always be complemented by specific, empirical investigations.

The effect of tax rates and corruption on tax receipts. A comparison of the OECD countries, 2000–2004

Mária Lackó

The study examines the combined effect of tax rates (with special attention to tax rates on work) and level of corruption on the GDP-proportionate tax receipts of 27 OECD countries, based on annual data for 2000–2004. A graphic representation of the combined interaction of the tax wedge and the level of corruption produces a Laffer-type curve. The article shows that this relation is the resultant of several distinguishable effects: one is the direct effect in a positive direction of the tax rates, another the effect in a negative direction of the level of corruption, and a third the effect in a negative direction on tax receipts of the interaction between tax rates and high corruption. The last expresses that the marginal effect of the tax wedge depends on the level of corruption. The relations derived are valid in the long term. The article also includes calculations of the possible shortfall of tax receipts in the examined countries that can be attributed to corruption and to the combined effect of high corruption and tax rate. The relative values of the resulting tax-receipt shortfalls can also provide information for a league-table of countries according to the size of their black economy. In terms of these indicators, Hungary is among the leading OECD countries.

Declared preference and rationality*Máté Kovács*

The author sets out to present the most basic model of economic rationality (omitting uncertainty, strategic interaction and information shortage), along with its assumptions, the statements derivable from those assumptions, and the interpretations of these. This model captures the behaviour of economic decision-makers from the side of declared preference. After presenting the work and findings of Marcel K. Richter, the author examines what rationality precisely means, what can be understood by it and what not, for numerous errors and misunderstandings about the question of rationality are prone to appear in professional literature.

Negative selection and moral risk in politics. An outline of the usefulness to political science of the economic concept of information asymmetry*Zoltán Szántó*

The paper argues in favour of employing in political science the economic concept of information asymmetry, seeking to show that the mechanisms of information asymmetry among the players on the political market may have negative effects on the operation of a democratic political system as information asymmetry among economic actors – according to arguments of Nobel prize-winning economists – has on the efficiency of market competition. The paper sheds new light on the phenomenon of negative political selection (known since Plato's time), and goes on to deal in detail with the appearance of moral risk and client/agent relations in politics. The author touches also on the appearance in politics of mechanisms – signals and filters – that economists suggest for reducing information asymmetry.