



**AGRICULTURAL ECONOMICS**

**Come Join Us!**  
**September 30, 2022**  
**210 Filley Hall**  
**Online and In-Person**  
**Time: 3:00pm - 5:00pm**

**To join us via zoom, please follow the link below:**

**Meeting ID: 655 024 91 17**

**<https://unl.zoom.us/j/6550249117>**



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*Professor Emeritus*  
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**Title:**

**Abstract:**

*There is a strong sense currently that western democracies are unable to address their most urgent and critical challenges. Whether it is climate change, income inequality, water shortages, or lack of urban housing, governments appear to be incapable of taking the bold policy steps needed to address these major issues. The main roadblock to change appears to be political. While solutions exist to most of the problems, policy makers are unable to pursue them because of the political backlash that will be unleashed.*

*The argument developed in this presentation is that these policy breakdowns occur because the proposed policy solutions fundamentally alter society's underlying institutions or rules of the game, which in turn alter the existing power relationships and the distribution of income, both of which are valued. Policies are the result of decisions made by the elite — i.e., those people in society with political power. In this framework, policy formation is understood to rest on an institutional foundation, one that has been built up over time by previous elites for their own substantive purposes. This institutional foundation plays a key role in structuring the elite's decision-making. In addition, the elites are assumed to have a preference for the status quo due to loss aversion. Taken together, these two decision-making determinants — one macro and institutional and one micro and cognitive-based — combine to create a behavioural approach to political economy. This approach integrates the work of authors from numerous disciplines, including behavioural economics, cognitive psychology, political science, institutional theory, and transaction cost economics.*