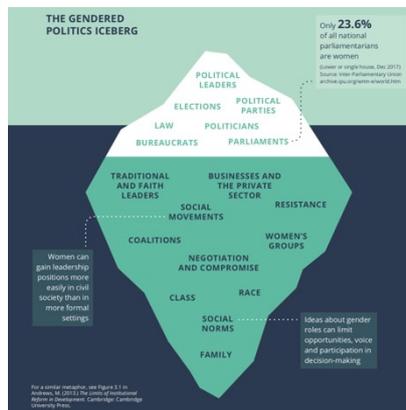


Session 3: From Marx to Machiavelli to Nudge

The second resource person Greg Power (from Global Partners Governance) joined the workshop at lunchtime. The first session of the afternoon was a joint presentation by both resource persons on TWP and PEA.



The presentation explained some of the key concepts used in PEAs, such as looking “beneath the iceberg”, political settlements, social contract, economic rents, and the difference between formal and informal institutions. It also covered the different elements of Thinking and Working Politically: it comprises not just political economy analysis, but also the use of analysis to inform the design and implementation of programs (so they are responsive to the local context, and are flexible and adaptive as the context changes or there is new evidence). PEAs can be used in different ways: to analyse global or national contexts to very specific problems; or through a series of simple questions to understand the interests and motivations of stakeholders

“everyday PEA”. PEAs are often gender-blind, and special efforts are usually needed to ensure gender is properly integrated in the analysis.

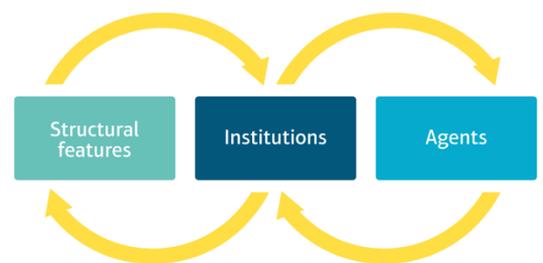
The presentation sought to explain different levels of PEA in relation to Marx, Machiavelli and ‘Nudge’: structural and institutional factors as well as the level of individual motivation (agency).

The use of Marx was to emphasise the broader structural, economic and social factors that have shaped the current political settlement and institutional formation. Machiavelli highlights the significance of the interpersonal relations within those institutional structures and the short-term tactical considerations that influence the performance and functioning of the political settlement itself. The reference to ‘Nudge’ provided the basis for an explanation of behavioural economics and its potential contribution to enhancing political analyses, especially as the basis for a change strategy.

The introduction of the Nudge concept created a great deal of interest, partly as it was evidently new to many of the participants. The description of Nudge focused on three principal concepts and insights:

1. First, the tendency for international assistance to focus more on institutional architecture than on individual behaviour. It is the latter that will determine **how an institution performs**.
2. Second, **loss aversion**. As Daniel Kahnemann’s work shows, people fear loss, and when change is mooted, it creates huge uncertainty. And those who are likely to lose from change will fight harder than those who support it.
3. Third, **reciprocity** (or to use Francis Fukuyama’s phrase, ‘reciprocal altruism’) is at the heart of all political settlements and all political transactions. Understanding that need for reciprocity should be a key feature in all political analyses.

There were several questions about what the introduction of behavioural economics meant for political analyses and the work of the country offices. In particular, there was some confusion whether this was now another thing that needed to be done, or needed to be integrated into existing analyses. Due to shortage of time we were not able to get in to the subject in any detail, but in summary, **behavioural economics should be integrated into existing structures rather than creating additional processes**. It may be better to think of these as ‘behavioural insights’, which inform existing work instead of creating a new discipline.



Source: Mapping political context: drivers of change, ODI

