

# Comparative Analysis of Applying Behavioral Public Policy to Telecommunication Market by International Organizations

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## BACKGROUND

In the long history of modern society, the exercise of government regulation by the state has played an important role in the governance of its own country. Government regulation is still inevitable, such as responding to external diseconomies, dealing with disadvantages arising from an asymmetry of information and responding to moral hazards occurring in economic activities in the market.

Government regulation is authoritarian and enforcement absolute because it is regulated by the country's highest authority agency (Dye 1995). Government regulation established through such decision-making process creates a situation where law enforcement power and policy enforcement power are extremely strong. Such a policy system has allowed command and control type governance by a strict policy enforcement body of the government.

In the real society so far, government regulation by such a system has been carried out. However, recent developments in the globalization of the economy, the diversification of the values of citizens, and raising awareness of individual rights of individuals, the way of regulation centered on government regulation is shaking.

## INTRODUCTION OF BEHAVIORAL PUBLIC POLICY AS A SUBSTITUTE FOR GOVERNMENTAL REGULATION

In recent years, as a new measure to compensate for the limitations of government regulations, interest in behavioral public policy has been increasing internationally. Behavior Public policy is based on the policy philosophy advocated by Thaler & Sunstein (2003). They advocate libertarian / paternalism as a concept combining contradictory social governance ideals of “libertarianism” and “paternalism.” This concept is a paternalism of relatively weak, soft, non-pushing forms and freedom of choice is not hindered; choices are not limited and do not become a heavy burden.

Thaler and Sunstein suggested that, in order to realize social governance through libertarian paternalism, “the nudge” is effective as a means of transforming people's behavior. They argue that the nudge is every element of “the choice architecture” that predictably changes the behavior of people without forbidding people's choices and without significantly changing economic incentives (Thaler & Sunstein 2008). It is intended that by improving the environment in which people choose, they can make wiser choices without restricting any of their options (Thaler, 2018). “The choice architecture” is an interdisciplinary

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approach that combines and presents information to people's decision-making by providing information. In the field of cognitive psychology this information includes framing<sup>1</sup>, anchor ring<sup>2</sup>, priming<sup>3</sup> etc., in the field of social psychology it includes inducements such as social norm<sup>4</sup>, bandwagon<sup>5</sup> etc., and in contract theories it includes default rules<sup>6</sup>, opt-out schemes etc.

Oliver (2013) defines the behavioral public policy as policy measures that cause people's behavioral change to achieve the purpose of public policy. In other words, by incorporating Nudge into the public policy so far, it is possible to say that "a possible method as a way of obtaining regulatory results without setting rules, that is, a regulation other than the regulations designed to achieve the same public policy objective (Lunn 2014) "to achieve the goal of public policy.

Behavior public policy utilizing nudge is experimentally adopted in Western countries. In the UK, the Behavior Insights Team (BIT) was established in the cabinet under the direction of Prime Minister Cameron at that time, and its utilization is carried out in various policy areas. In particular, it was introduced to the policy theme, which is difficult for government intervention to individual freedom of choice, such as matters related to citizen's lifestyle and values.

In addition, in the United States, the Social and Behavioral Science Team was established in the White House, and the Presidential Decree aiming to utilize the insight of behavioral science was promulgated in September 2015. The Presidential Decree instructs us to consider whether it is possible to replace existing regulations with nudge's approach (The White House 2015).

This trend toward policy introduction of behavioral public policy is spreading to other countries as well. Such as Austria, Canada, Finland, Iceland, Ireland, New Zealand, Norway, France, Israel, Denmark and others. In addition, in the European Union which is an international organization also adapting to the public policy for member countries. Under these circumstances, the OECD is also beginning to compare practical situations to the behavioral public policy in member countries (Lunn 2014).

## **NECESSITY OF BEHAVIORAL POLICY TO TELECOMMUNICATION POLICY**

Behavior Public policy has been mainly introduced on social welfare policies such as pension, health, medical care and public health, educational policies to raise the rate of advancement, environmental policies such as conservation of the natural environment, consumer protection policies in the market, and Telecommunication policy etc. (Lunn 2014, Thaler & Sunstein 2008, European Commission 2016, The world Bank 2015, UNCTAD 2012, The Behavioral Insights Team 2014).

As an overview of the introduction example to the telecommunication policy, in the UK, policy is taken from the viewpoint of behavioral economics in the consumer protection policy on the utilization of personal data. The initiative called "Midata" in the UK introduces regulations that force mobile communications carriers to disclose data in the event of a request for data disclosure in 2013. This regulation obliges service providers to display the main points of information in an easy-to-understand manner so that consumers can visually and easily determine their usage status (Behavioural Insights Team 2014).

Also, at the Consumer Rights Directive (CRD) of the European Union (EU), are taking consumer protection policy from the viewpoint of behavioral economics. As a case example, when buying Microsoft's operating system, it was regarded as a problem that a check button was checked in the dialog beforehand. In order to deal with this problem, CRD regulates such display. This regulation restricts such transactions that the seller side will be extremely advantageous based on the default theory that humans unconsciously choose defaults (EU 2011).

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