

IAAP Division 9, Economic Psychology

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Divisional President. 2002-2006

Tadeusz Tyska (Poland), President elect.
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During the past four years Economic Psychology, Division 9, has been active and growing.

Division 9 may be described with the following characteristics:

- 1 International members coming from all over the world; the conference in Beijing allowed to increase our visibility in Asia, and showed an important interest for our discipline with many members from Asia attending all our sessions on Economic Psychology; many contacts were made for new joint research projects during this conference.
- 2 Innovative: starting new research topics with the idea of potential use for new policy making.
- 3 Co-operative: international research projects (economic socialization, taxation, euro, retirement...).

Our goal is to promote and discuss research, as well as policy making and teaching, on the interface of psychology and economics.

In fact, both Economic Psychology and Behavioral/Experimental Economics are popular these days, as economists became more aware of the rich possibilities of experimenting and of including psychological variables in their research. The Nobel Prize in Economics 2002 for the psychologist Daniel Kahneman is a good example of this interest and promising approach. It therefore appears to be a fruitful period to develop Economic Psychology and it should have been an excellent period to increase the number of members in Division 9.

Among the main tasks organized to try to increase the number of members in this division, the main idea was focused around joining forces between IAAP members involved in economic psychology and members of other scientific associations.

In this context, the *International Association for Research in Economic Psychology*, IAREP, as well as the *Society for the Advancement of Behavioural Economics*, SABE, have common goals with Division 9. Both Association being professional scientific organizations promoting the position of economic psychology, thus it appeared obvious that we should combine some of our activities in order to increase our visibility through out the world.

Each year, at the General Assembly hold during each Annual Colloquium of these two associations, we made sure a point was devoted to IAAP. During these, we focused on the advantages of joining our forces in order to promote and discuss research and teaching on the interface of psychology and economics.

In this framework, we have organized a joint conference in Paris, July 5-8 2006, with IAREP and SABE. This conference received more than 600 abstracts from 40 different countries, which is more than ever before. This conference not only allowed advertising IAAP, but also increased the number of attendees to our sessions on Economic Psychology during the next ICAP in Athens.

Another goal, which we have started to achieve, is to combine more activities with connected small Divisions, such as with *Environmental Psychology* and *Political Psychology*; our topics

of interest being often quite related, it seems to be a positive option. Some contacts have been made in this direction, but nothing very concrete has yet been accomplished, except via individual members of these Divisions, as well as with *Work and Organizational Division*, as many of our members belong to both Divisions. More needs to be done in this area...

We have conducted elections for the next period, 2006-2010, and Tadeusz TYSKA, from Poland, will become the President of Division 9, while Erich KIRCHLER, from Austria, becomes President-elect. They will both continue in the same direction and add more new projects and ideas to develop Economic Psychology.

Research Topics in Economic Psychology:

Among the main research topics developed through these years by members of our Division, we can include research on the behavior of economic actors (e. g., consumers and households, tax payers, investors, entrepreneurs, organizations, and government), including psychological and social variables as antecedents and consequents. It also includes research on consumers' confidence and satisfaction (sentiment) in a society.

Economic psychology is therefore dealing with important societal topics,

- such as labor markets and unemployment,
- consumer decision making, such as money management, spending, saving and credit use and debts, but also financial and psychological preparation of retirement,
- money and inflation, such as currency change and national and EU-strategies to introduce the euro, felt inflations and consumer spending,
- "contra-productivity", such as tax non-compliance, shadow economy, fraud,
- and many aspects linked to economic socialization.

Some specific aspects of research in the field of Economic Psychology are (can be) very useful for policy makers. Among these, in order to illustrate this, let us take a few examples in which economic psychology has driven forward theory development and application in the practical fields.

For example, the introduction of the euro was a great occasion which economic psychology has successfully used to show the public, governmental institutions, such as finance ministries, national banks etc., how citizens perceive money and currency change, differences between felt inflation compared to "objective inflation rates", and what strategies might be applied to gain citizens' acceptance for changes.

Another example is in the area of tax policy and governmental regulation; around this topic, economic psychology is showing that tax issues are not explainable by solely economic approaches. Citizens' acceptance of taxes and their representations of taxation are of paramount importance to understand willingness to cooperate. Fairness perceptions, social norms and tax morale are issues dealt with in economic psychology.

With regard to consumer decision-making, indebtedness is an increasing problem in the Western world. Economic psychology deals with money management and individuals' and households' perception and evaluations of utility of purchased goods and the predicted and experienced burden of ongoing installment rates.

The *Journal of Economic Psychology*, Elsevier, publishes regularly papers on these topics; a summary of typical research topics in the *JoEP*, is provided in a review by Kirchler, E. & Hölzl, E. (2003).

Activities of Division 9 during the ICAP in Athens:

Among the various sessions organized, we have

- a Presidential address on “*Retirement and ‘old age’: How are they perceived? Social Representations, Attitudes and Decision Making*”.
- our Key-note Speaker, Tadeusz Tyska, presents “*Behavioral finance*”.
- the State of the Art of economic psychological research, presented by Erich Kirchler is focused on “*Tax compliance*”.

We also have organized 4 invited symposia:

- 1) Thomas Li-Ping Tang (USA) on “*The love of money and work-related attitudes and behaviors*”
- 2) Tadeusz Tyska (Poland) on “*Rational decision making and anomalies*”
- 3) Erich Kirchler (Austria) on “*Lay theories of economic phenomena*”
- 4) Marta Fulöp (Hungary) on “*Perception of competition and perception of economic competition in cross-cultural perspective*”

and three paper sessions focused on various new aspects of Economic Psychology, along with a series of poster sessions.

In concluding this report, one last point needs to be stressed: IAAP is a good association and the ICAP meetings allow prosperous discussions and provides an excellent occasion for starting good cooperation around new research projects! In this context, I look forward to all our future ICAP meetings...