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Policy Bundling to Overcome Loss Aversion: A Method for Improving Legislative Outcomes

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Abstract

Policies that would create net benefits for society but would also involve costs frequently lack the necessary support to be enacted because losses loom larger than gains psychologically. To reduce this harmful consequence of loss aversion, we propose a new type of policy bundling technique in which related bills that have both costs and benefits are combined. Using a laboratory study, we confirm across a set of four legislative domains that this bundling technique increases support for bills that have both costs and benefits. We also demonstrate that this effect is due to changes in the psychology of decision making, rather than voters' willingness to compromise and support a bill they weakly oppose when that bill is bundled with one they strongly support.

Keywords: [Decision Making](#); [Cost vs Benefits](#); [Policy](#); [Government Legislation](#); [Outcome or Result](#); [Welfare or Wellbeing](#);

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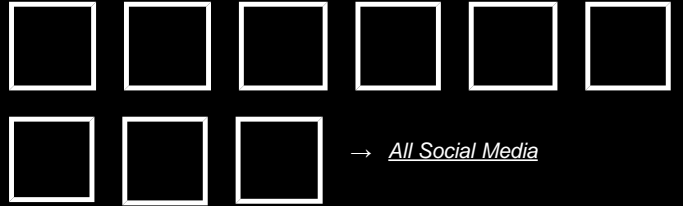
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