

Cognitive science & policy-making

Spring 2023

The goals and means
of public policy

Goals of public policy

Goals of public policy

- Delivery of public services
- Fostering economic prosperity
- Warrant independent judiciary
- Management of public resources

Quality of Public Administration: A Toolbox for Practitioners
European Union, 2017.

Goals of public policy

Actions done on behalf of the public

Furthering the interests of citizens

→ Social welfare

→ Creating and maintaining public goods

Means of public policy

Laws

Incentives (positive and negatives)

Means of public policy

Laws

Incentives (positive and negatives)

⇒ Incentives

Means of public policy

Laws

Incentives (positive and negatives)

⇒ Incentives

and the design of *choice architectures*

Incentives

Property rights

How to maintain the tram as a public good

Incentives

Economics is, at root, the study of incentives.

The typical economist believes the world has not yet invented a problem that he cannot fix if given a free hand to **design the proper incentive scheme**.

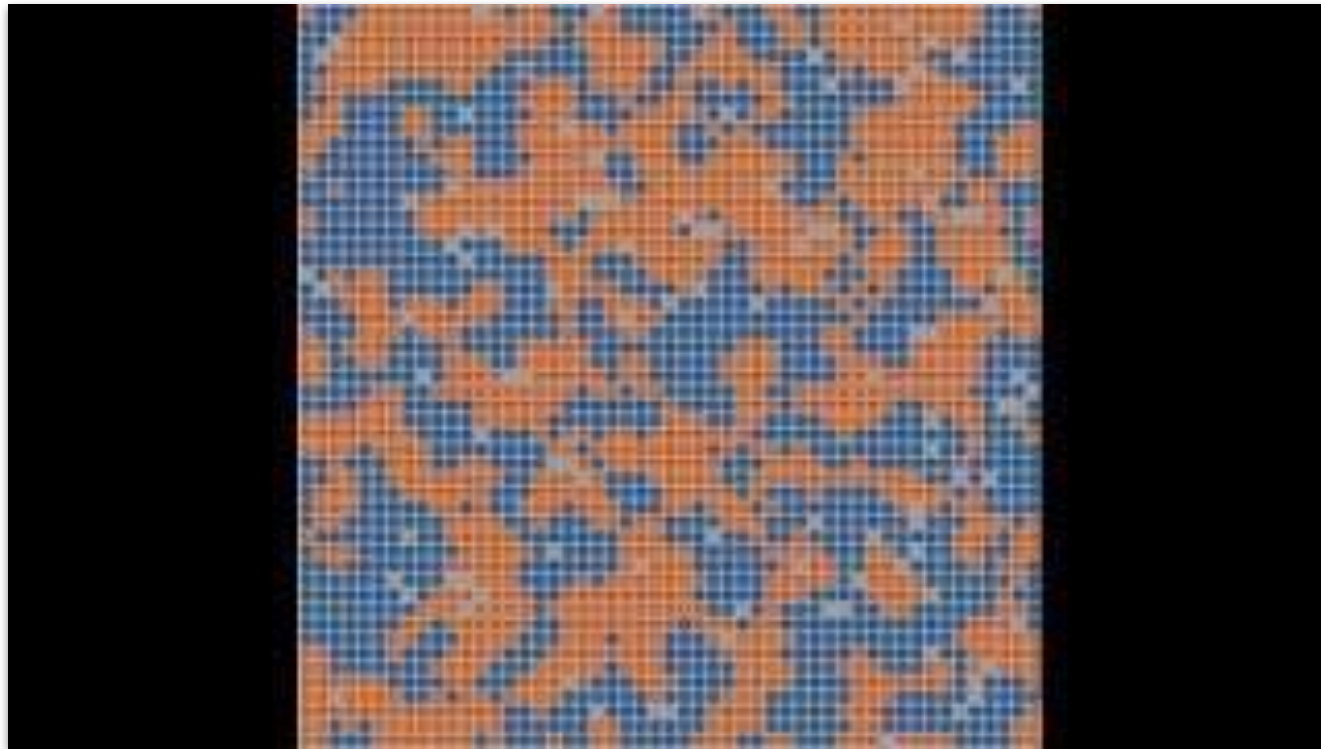
An incentive is simply a means of urging people to do more of a good thing and less of a bad thing. But most incentives don't come about organically.

Someone—an economist or a politician or a parent—has to invent them. Your three-year-old eats all her vegetables for a week? She wins a trip to the toy store. A big steelmaker belches too much smoke into the air? The company is fined for each cubic foot of pollutants over the legal limit.

Dubner, Stephen J., and Steven D. Levitt. *Freakonomics*. Ediciones B, 2014.

Unintended consequences

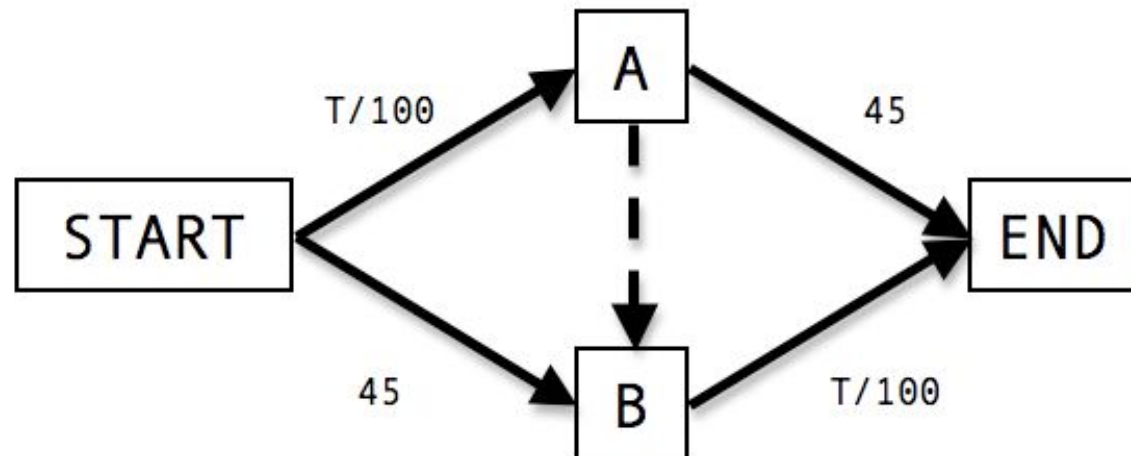
- Schelling model of segregation



Unintended consequences

- Schelling model of segregation
- Braess's paradox

4000 commuters



Unintended consequences

- Schelling model of segregation
- Braess's paradox
- No child left behind
 - High stake tests lead teachers to cheat for their students to have good mark
 - Goodhart's Law states that “when a measure becomes a target, it ceases to be a good measure.”

Unintended consequences

- Schelling model of segregation
- Braess's paradox
- No child left behind
- The Haifa day-care center

Public policy needs experts

- Economists
 - how people will react to incentives,
 - how these reactions will aggregate
- Epidemiologists
- Climate scientists
- Etc.
- Cognitive psychologists?

Citizens are not “econs”

Psychological assumptions of policy makers come from:

- folk psychology, common sense
- the homo economicus model
(and analysis of unintended effects)
- findings from cognitive science

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Choice architecture

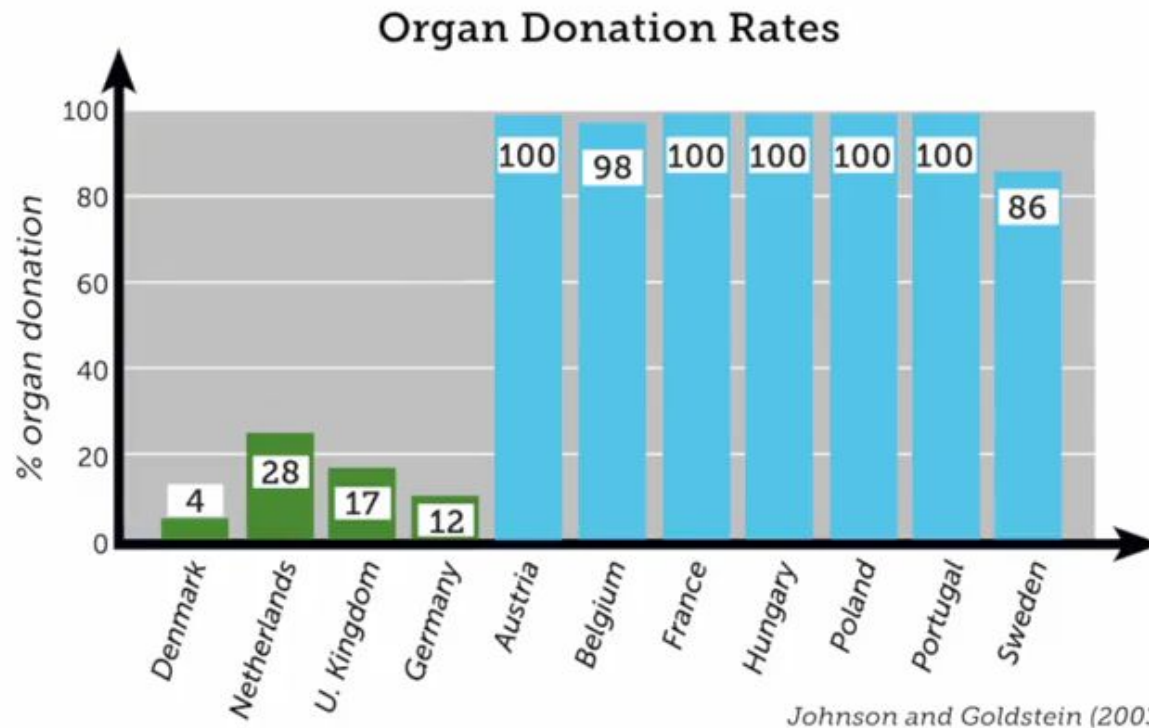
Leaders (policy makers, managers, ..)
have the possibility to **design**
the environment of choice.

Choice architecture

Leaders have
the possibility to **design**
the environment of choice.



Status quo bias



Doors



Human-computer interface



Cigarette consumption



**Policy-making includes designing helpful
cognitive environment**

⇒ a.k.a. nudging