Key insights – Overview

- *Homo Economicus* the target of many of our social policies (Koh 2012). However, people are neither completely rational, nor completely random in their decisions.
  - People exhibit predictable biases that make it less likely that they will achieve their own stated desires
  - Can complicate the design and efficiency of public policy, but can also be used to better design policy.

- Bounded rationality and heuristics
  - We don’t make the perfect decision, but a good enough decision

- Complexity, scarcity and cognitive load
  - Poverty increases the cost of bad decisions and makes them more likely

- Loss aversion and the endowment effect
  - We care more about what we lose than what we gain

- Framing and construal
  - We make decisions based on how the world appears, not how it is.

- Hyperbolic discounting and the power of defaults
  - We care about the present. A lot

- Happiness and subjective wellbeing
  - Money buys happiness, but it gets more expensive.

- Identity, stereotype threat, social interaction and social norms
  - We care about how we see ourselves and how others see us

- Fairness
  - We care about how much others have, not just how much we have

- Implicit prejudice and discrimination.
  - Most of us are racist/sexist, we just don’t know it (or care to admit it).