

Scoring Expert Forecasts

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Policy Analysis: What Governments Do, Why They Do It, and What Difference It Makes?

Concepts from the Black Swan: What it is and how it effects our thinking, our economy and society

Implications of the Mandelbrot Set

Anticipatory Governance

Models of Policy Analysis

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Institutionalism

Process

Rationalism

Incrementalism

Group Theory

Elite Theory

Public Choice Theory

Game Theory

Policy making Process

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Problem Identification
Agenda Setting
Mobilization of Opinion

Formulation of Policy
Policy Legitimation
Adoption
Implementation
Evaluation



Policy Analysis
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- Gathering Information for policy analysis
- Organizing the policy analysis
- Analyzing (impact)
- Linear and nonlinear approaches (Weimer and Vining, p.381 ...test)

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Policy Analysis

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What is a Black Swan?

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1) Rarity 2) Extreme Impact 3) Concoction of explanation after occurrence

Notion of Progress and Direction of History

Limits on Expert Knowledge: "We don't learn that we don't learn"

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- We learn facts, not rules: Metarules (p. xxvi)
- Hard-thinking vs Faster-acting
- Evidence shows that we do less thinking than we believe we do
- Prevention gets little or no recognition (p. xxvii)



Presentation of the story: Psychology (Part 1,2); Business and Natural Science (Part 2,3); Extreme events (Part 3); Final (Part 4).

Uncertainty and Extraordinary Events

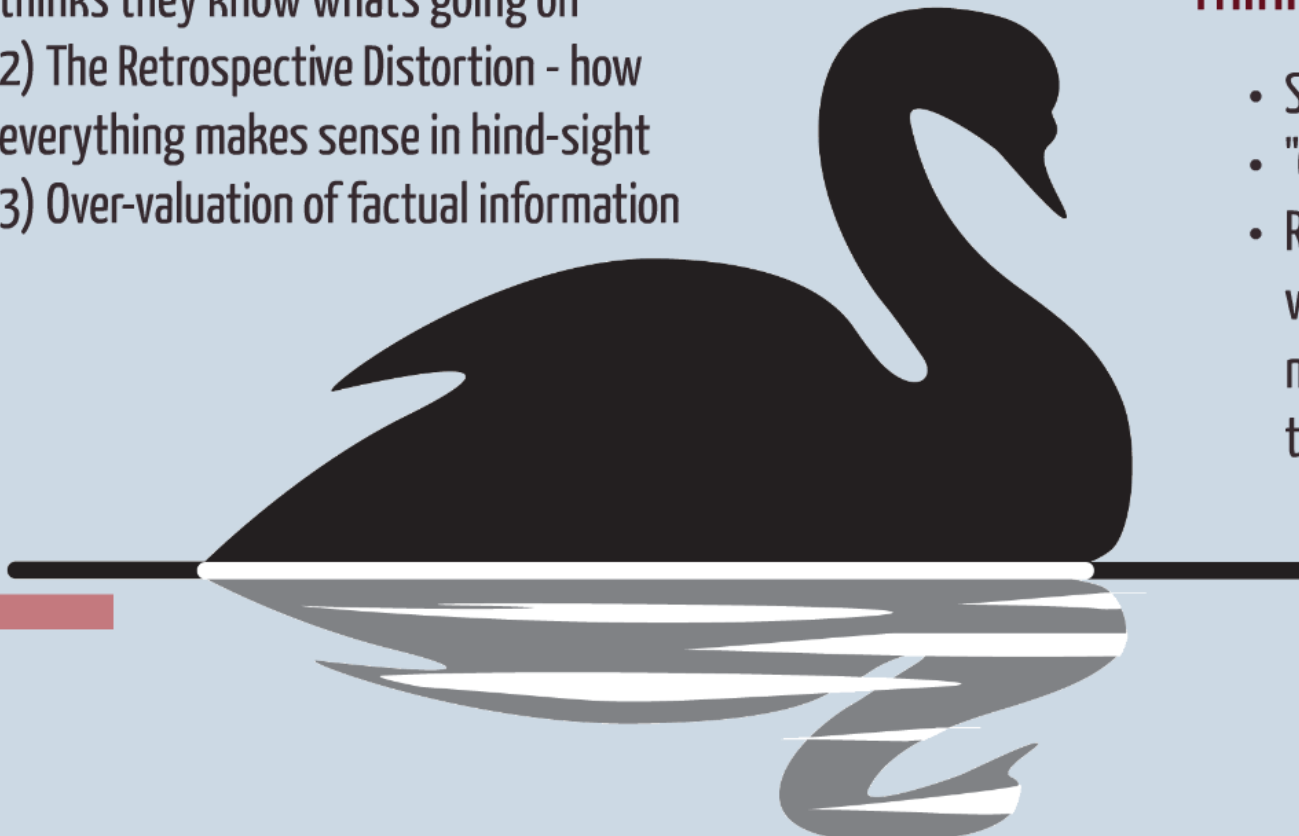
- Uncertainty: Rare event
- Extraordinary and ordinary events
- "Models and constructions, these intellectual maps of reality, are not always wrong: they are wrong only in some specific applications. This difficulty is that a) you do not know beforehand (only after the fact) where the map will be wrong, and b) the mistake can lead to severe consequences." (p. xxx)

Thinking about thinking

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The Triplet of Opacity (p. 8)

- 1) Illusion of Understanding - everyone thinks they know what's going on
- 2) The Retrospective Distortion - how everything makes sense in hind-sight
- 3) Over-valuation of factual information



Thinking in Clusters (p. 15)

- Similarity of opinion and values
- "Categorization"
- Reduction in complexity of the world around us, causing misunderstanding and inability to predict Black Swans

Mediocristan vs. Extremistan (p. 32- 37)

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Mediocristan	Extremistan
Non-scalable	Scalable
Mild randomness	Extreme Randomness
Most typical member is mediocre	No typical member
Winner gets a small slice	Winner takes all
Historical	Modern
Subject to dampening	Subject to acceleration
Physical	Informational
Total = many small events	Total = a couple of huge events
Tyranny of the collective	Tyranny of the accidental
Easy to predict	Hard to predict
History crawls	History jumps
Normal curves	Pareto curves

- Travels inside Mediocristan, p.32 (When your sample is large, no single instance will significantly change the aggregate or the total, p.32)
- The Strange country of Extremistan, p.33 ("In Extremistan, inequalities are such that one single observation can disproportionately impact the aggregate, or the total", p.33).
- Knowledge in Mediocristan (randomness type 1, the tyranny of the routine) and knowledge in Extremistan, (randomness type 2, the tyranny of the singular, unseen, unpredicted) p.34-5)
- There may be rare events, that are predictable, they are not Black Swans, p.37
- You can get a Black Swan in Mediocristan, forgetting that something is random. p. 37