

Mita Marra, PhD

April 9th, 2020

The Hiding Hand Will Lead Us Out of the Pandemic

The (Ir)Rational Choices of Policymakers

Introduction

The online lecturing in behavioral economics that I organized in the aftermath of the confinement imposed in early March in Italy led me focus on the policy responses to the Covid-19 pandemic according to cognitive heuristics.¹ If virologists and epidemiologists draw on their knowledge and skills to advise politicians about how to deal with the current crisis, public policy analysts too can offer a competent contribution on what they systematically study, i.e. the policymaking process. Thus, I sought to reconstruct recent political decisions to make sense of the swings, the turnabouts and the bold announcements of economic stimulus packages that we have witnessed in recent weeks in response to the Covid-19 emergency. I thought about the sudden changes of direction and the comings and goings of political representatives on the stages of digital press conferences. And so, I tried to unveil the motivations of recently announced public choices rather than assess their nature or the degree of coercion that they have entailed. The result, as will be evident at the end of this short essay, is a quest for humility — and self-subversion...

¹ I am associate professor of Political Economy and Program Evaluation at the Department of Social Science of the University of Naples “Federico II” and visiting professor of Comparative Public Policy at the George Washington University. Email: mita.marra@unina.it or marram@gwu.edu.

First, I wondered if the choices made thus far by the Italian government and subsequently by other Western governments were the result of ‘cognitive biases’ rather than the political orientations and value systems that have distinctively informed Germany’s, Sweden’s, the United Kingdom’s, or the United States’ position. In my view, the neo-liberal tradition of the United States, the mercantilist approach of Germany, the Europeanism of Italy, the social democratic culture of Sweden, or the *laissez-faire* of the United Kingdom do not adequately explain the timeliness, generosity and/or solidarity of the anti-Covid-19 policies enacted thus far. By contrast, behavioral public policy theories posit that human beings — including political leaders — unconsciously recur to mental shortcuts, which sometimes are useful to make sense of individual and collective choices, while some other are misleading and even counterproductive. Cognitive heuristics can illuminate the meaning of current political decisions — at least partially² — without resorting to those stereotypes that unduly simplify the political cultures of the Italians, the British, the Swedish, the Americans or the Germans.³ Corroborated by experimental evidence, the behavioral science approach is suitable to assess the motives underlying the recently launched measures. However, as the current pandemic crisis presents unprecedented scale and uncertainty, my behavioral science analytic attempt acknowledges its intrinsic limits at the very outset.

The cognitive dissonance at work

Among the most commonly spread cognitive heuristics used in the field of psychology and in the evaluation of public policies, I resort to the notion of cognitive dissonance.⁴ The latter stems from those situations where a discrepancy exists between cognitions and perceptions sedimented in our deep memory, and the experiences we live through. As a

² Organizational, institutional and economic factors explain content-based specific responses to the crisis. For example, some commentators argue that the better performance of Veneto Region with respect to Lombardy in Italy (i.e., lesser contagion and fatality impact of the epidemic) can be attributed to its place-based healthcare system. The same system has been dismantled in Lombardy over the past decade opting for a quasi-market organization, including private hospitals and nursing homes that compete with public healthcare providers. This explanation does not invalidate but rather it adds relevant interpretative dimensions and different units of analysis to behavioral science findings.

³ The behavioral approach was also adopted in a recent study of the European Commission's Joint Research Council to which I personally contributed in 2019. The study explored political behavior and the relationship between science and policymaking in political situations characterized by populism and distrust in technical and scientific knowledge. See Mair et al. (2019).

⁴ See Festinger, 1957.

result, discomfort and frustration may emerge to help us bridge the distance between the desires, expectations, and illusions that we hold, and the life's events we are involved in.

A cognitive dissonant process accounts for the systematic underestimation of the pandemic disruptive impact that occurred in the initial stage of contagion both among politicians and experts of various backgrounds. Although the risk of a pandemic was a well-known national priority, government responses were not ready to prevent it from spreading without control. National security strategies, risk registers, strategic defense and security reviews provided the evidence that proved that political leaders knew the crisis was going to happen. And yet, claiming something is a priority doesn't really matter if no one believes it really is. The cognitive dissonance explains why that was the problem and why the risk of a pandemic was just too hard to imagine. Time had to pass by for the cognitive dissonance to work through a sudden awakening, shifting political reactions from downplaying the risks of getting sick to the puzzling surprise and desperate discovery of the pervasive circulation of the virus across workplaces, and households. Unfortunately, no one has been spared. Throughout the narratives of relatives and acquaintances, all have been affected by the epidemic and its economically devastating effects.

The cognitive dissonance has been, and still is, of colossal significance just as the deceptions that have undermined the ability of both discernment and decision making. The whole world was catapulted into a completely new scenario, whose contours are still blurred and, at times, frightening. The existential crisis turned into a production freeze, paralleled by growing unemployment, increasing social inequalities, and subtle forms of authoritative behaviors — think of Orban's move in Hungary, for instance. The historical achievements in terms of life expectancy, personal freedoms, economic and social progress, and democracy were all impacted by the tensions associated with the coronavirus crisis.

Different responses emerged to cope with the increasingly contradictory perceptions about the crisis. In the narration of the media and frontline political figures, for instance, the pandemic was assimilated to circumstances of war, although the experience of war had not been lived by the generations 'called to arms.' As the epidemiologists of the World Health Organization belatedly ascertained the worldwide dimensions of the infection, so psychologists began to deal with the related social trauma. Whilst economists followed through with the rough estimation of the global recession effects, communication and geopolitics experts came to shed light on that fake news, meant to disseminate fear, suspicion and conspiracy theories.

The speed of change mirrored the speed of the announcements of lockdowns and economic stimuli, ratified by deserted parliaments. With no much debate, given the seriousness of the situation, political leaders had to safeguard public health and protect survival means in a very short time. In a blink of the eye, a new course of public expenditure for healthcare and internal demand support was inaugurated. That promised to reverse a decade (and more) of austerity policies uncritically pursued by national governments and international organizations throughout Europe and North America.

Policy learning and the Hiding Hand

Claudio Radaelli, a well known public policy scholar at University College London, held an enlightening online lecture on policy learning in times of crisis within my course on behavioral economics. He would argue that in current emergency case the surprise effect has combined with the radical uncertainty associated with the nature and evolutionary trajectory of the pandemic. In such conditions, inferential learning does not take place on the basis of accumulated knowledge,⁵ rather, it is the result of a shock that calls to action. Learning what works and what doesn't becomes an iterative process in which policy orientations can change radically. The result would support new courses of action that only later will leave room for analysis and reflection.

This decision making pattern departs from traditional models of *Evidence-Based Policy Making*. In critical circumstances, politicians — like all human beings — do not resort to available scientific knowledge. The radical uncertainty that characterizes both the novelty and the policy response requires rapid and provisional decisions. The feedback on the initiatives undertaken on the ground will confirm and corroborate theories of change that will be rationalized only *ex post factum*. Policymakers do not proceed necessarily by incremental steps — à la Charles Lindblom⁶ — but through radical and sudden turns, which can subsequently be codified in explicit knowledge.

In these circumstances, Albert O. Hirschman's theory of the *Hiding Hand* — which paraphrases the famous invisible hand of Adam Smith — helps further look into political behavior.⁷ In policy design, the perception of the obstacles that an intervention may

⁵ See Kamkhaji and Radaelli, 2016, 2020.

⁶ See Lindblom, 1959.

⁷ See Hirschman, 1967. Other seminal contributions by Hirschman are also relevant to explore the drives of political behavior. For instance, unlike Lindblom, who theorized gradualism, Hirschman accounted for both the

encounter during implementation is typically underestimated. The initial phase of underestimation is offset by a similar underestimation of the ability to overcome the difficulties encountered later on, as the costs of the intervention become increasingly explicit and certain. Based on the specific context and policy features, the hiding hand presents a series of corollaries such as the pseudo-imitation technique (presenting the intervention as a replication of an initiative already successfully experimented elsewhere), the pseudo-all-inclusive approach (to make the intervention appear as part of a broader program) and the *fata morgana* effect (to reveal benefits that are far superior than those likely to be foreseen). These operational variations, depending on the case, can guide or constrain (but in some cases also lead to failure) the progress of a program.⁸

Thus, the hiding hand helps arrive at the diagnosis of the initial error —i.e., downplaying the troubles that await any human undertaking — and to a possible prognosis to exit the crisis. Policymakers become aware of the complexity of the situation and the feedback on their choices calls them back into action: As they realize their mistakes, they can no longer pull back. Throughout political arenas and social contexts, the hiding hand will help dig out hidden or underutilized resources that can unleash vital energies for viable solutions.⁹ Only in the hindsight will these solutions be acknowledged, rationalized, and appreciated (or discarded). The hiding hand will mobilize an extraordinary reserve of creativity that in the long history of evolution has allowed the human species to adapt to mutable environments.

This might sound as a teleological conclusion that in the current confinement does not help us think about concrete initiatives within our reach. And yet, to cope with the Covid-19 emergency, innumerable initiatives are being continuously and tacitly tested and verified, at different levels and in different contexts. What is innovative about these actions is that they put social reproduction before the productive pressures of capitalist systems. Think of the extraordinary contribution of health workers, the commitment of teachers, and of all those companies that through smart working (and more) have assured the operation of essential services. Furthermore, think of the quarantine as an opportunity to dedicate to family care, strengthening the relationships between genders and generations. The myriad of micro and

incremental and revolutionary route to change in *Journey toward progress*. The notion of ‘reform-mongering’ was, indeed, what Hirschman proposed as a method of action that used unsuspected and unorthodox opportunities for maneuver and advance. See Hirschman, 1964.

⁸ See Hirschman, 1967.

⁹ See Hirschman, 1984.

meso actions that spread over time and space, provide a socially-sustainable complement to the macroeconomic spending that will be implemented by national and international institutions. In complex adaptive systems, embedded forms of local self-organization make it possible to solve problems through ‘emerging’ strategies. These can lead to broad and lasting change as they encounter macro-enabling conditions.¹⁰ From such considerations, I derive two conclusions.

Conclusions

First, policies facing large-scale and far-reaching shocks are the result of national and (hopefully) supranational plans, aimed to address the systemic dimensions of the crisis. However, collective choices stem from a broad-based reaction capacity to human survival and environmental sustainability threats. The decisions that we conventionally attribute to heads of state or to representatives of European and international institutions are grounded within a wider, more articulated and decentralized background. In this context, a variety of living conditions and social, economic and political organization allow hierarchical command and control to give way to horizontal and cooperative relationships. In democratic systems, deliberation does not take place only in parliaments or among narrow elites, who operate in national and supranational centers of power. Deliberation also emerges out of people’s, social groups’ and local communities’ behavior. And learning involves not only leaders but also private (profit and non-profit) organizations and local institutions that make up a composite decision making community. Thus, to plan ahead, looking solely at political leaders’ decisions, makes us lose sight of the social energy that we can contribute to overcoming the difficulties on the bumpy way towards recovery.

Second, that hand that hides the obstacles humanity faces on its evolutionary journey requires deeper reflection on the science/policy interface — on the relationship between competence and representation. Acknowledging how mental shortcuts deceive us, is — in Hirschman’s words — a *propensity to self-subversion*.¹¹ Not only would politicians benefit from self-reflexivity but also experts, to become aware of errors and tacit conflicts between personal

¹⁰ Complexity science suggests adopting a systemic perspective in understanding social impact of public policies. See Colander and Kupers, 2014, and Cairney and Weible, 2017. The focus on the meso-level policy analysis and evaluation is also proposed by Marra (2020).

¹¹ See Hirschman, 1995.

and public and professional interests.¹² In times of crisis, humility is the virtue to rediscover. And the hiding hand — by deceiving our limited rationality — will give us a hand to overcome our limits.

¹² See on this point Sah (2018) and the reaction of the psychologists and behavioral scientists, <https://unherd.com/2020/03/dont-trust-the-psychologists-on-coronavirus/>

References

- Cairney, P. (2018) The UK government's imaginative use of evidence to make policy, *British Politics*, online first: 1–22.
- Cairney, P., Weible, C.M. (2017) The new policy sciences: combining the cognitive science of choice, multiple theories of context, and basic and applied analysis, *Policy Sciences*, 50(4): 619–627.
- Colander, D., Kupers, R. (2014) *Complexity and the art of public policy – solving society's problems from the bottom up*, Princeton, Oxford, Princeton University Press, 2014.
- Dunlop, C.A., Radaelli, C.M. (2015) Overcoming illusions of control: How to nudge and teach regulatory humility, in Alemanno, A., Sibony, A.-L. (Eds.), *Nudging in Europe: What can EU law learn from behavioral sciences?*, London: Bloomsbury Press.
- Festinger, L. (1957). *A theory of cognitive dissonance*, Evanston, IL: Row & Peterson.
- Hirschman, A.O. (1964) *Journeys toward progress. Studies of Economic Policy-making in Latin America*, New York: the Twentieth Century Fund.
- Hirschman, A.O. (1967) *Development projects observed*, Washington DC: Brookings Institutions.
- Hirschman, A.O. (1984) *Getting ahead collectively: Grassroots Experiences in Latin America*, Pergamon Press.
- Hirschman, A.O. (1995) *A propensity to self-subversion*, Cambridge, MA: Harvard University Press.
- Kamkhaji, J.C., Radaelli, C.M. (2016) Crisis, learning and policy change in the European Union, *Journal of European Public Policy*, DOI: 10.1080/13501763.2016.1164744
- Kamkhaji, J.C., Radaelli, C.M. (2020) Covid-19: Wither evidence-based responses?
- Lindblom, C.E., (1959) The Science of «Muddling Through», in *Public Administration Review*, 19 (2):79-88.
- Mair, D., Smillie, L., La Placa, G., Schwendinger, F., Raykovsca, M., Pasztor, Z., Van Bavel, R. (2019) *Understanding our political nature: how to put knowledge and reason at the heart of policymaking*, European Commission, Brussels.
- Marra, M. (2020) *A Meso Policy Perspective to Unpack SDGs 'Norms*, under review at *Ethics, Policy and Environment*.
- Sah, S. (2017) Policy solutions to conflicts of interest: the value of professional norms, *Behavioral Public Policy*, 1(2): 177-189.