Reactions to Colin’s paper

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What should the FRB / FRB of Boston do?
Colin:
Economics should take its building blocks from psychology
My reaction:
It will be nice ..... 
“If psychology had a central theory ...”
But, I am sceptical.
Why skeptical? I

The periodic table is a very interesting analogy
But, it also means that we are unlikely to have a unified theory
Partly because it is unlikely that we will be able to measure the “atomic structure”
As Colin’s list demonstrates people exhibit all kind of “irrational” behaviors. Part of them are due to inconsistency, due to emotions, context, distance in time etc. Can we find a unified theory for these effects?
Human knowledge-transfer is limited
(categorization)
Situated cognition
If such inconsistency is a part of human nature,
how could we hope to have a unified &
descriptively valid economic theory?
Why skeptical? IV

Economics & Psychology?
Easy and hard ideas
Easy:
Hyperbolic discounting, social utility
Hard
Tom sawyer and CA
The role of experience:

I think that experience can help only in very limited cases
Repeated behaviors
A lot of good feedback
No emotional aspect (hot cold)
So what is the future?

Multiple paths
Traditional economics (game theory, econometrics, Macro, International...)
Behavioral economics
Policy science
The difference should be in the application of these ideas to policy!
Since it is unlikely that we will have a descriptively valid theory of economic behavior, policy should be an empirical field. Field studies are not sufficient and experiments are needed. Need to study effect sizes more carefully.
The government should start doing experiments regularly
Instead of announcing tax cuts for $350B, test the effects of tax cuts on a sample of individuals for a year or 2...
(I have been trying and if anyone wants to help me ...)
Summary

Psychology is important to economics
Psychology is important to policy
But, I doubt that economics can fully embrace psychology to optimally inform policy
Policy should have its own goals and not be based solely on economics
Thanks
Other topics

Decisions under sexual arousal
Valuations of future options
Second price auctions
Pricing (CA, Price of 0)
Effects of incentives on performance