

## Seminar in Thinking Judgment and Decision Making

Barry Schwartz

Spring, 2007

### 1. How the Class Will Work

Each week, there will be three papers assigned. The point of the papers will be to stimulate discussion, and not just to summarize the readings. What that means is that you need to read the material critically, with an eye toward identifying counterarguments, alternative views, unanswered questions that you think warrant class discussion, and perhaps even testable hypotheses. What you should not do is slave over style. These are not term papers. The idea is to strive for clarity, not elegance. *The questions posed in each of the paper topics are as much to guide you in the reading as to guide you in the writing, and thus are meant for everybody, not just the person writing the paper. But you should not feel compelled to respond to each item in the stated paper topic. The questions you should be asking yourself as you write the paper are things like: "is there anything I didn't understand; is there anything I don't agree with; does this connect to stuff we've already read and discussed; is there something here worth doing more research on."* We will spend about a third of each class meeting on each paper. Someone who did not write the paper will lead off discussion, by spending about 5 minutes summarizing the paper, and perhaps suggesting things that need to be discussed—either issues raised by the paper or issues that should have been raised by the paper. Then, the paper writer will have a few minutes to respond to questions or add things. Then, discussion will be open to everyone.

This mode of proceeding has a couple of implications:

1. Everyone is expected to read everything and not just the stuff your paper is about.
2. Papers must be written and distributed by 5 PM the day before class, so people have a chance to read them and think about them.

Let me emphasize one more thing. Your weekly papers will not be part of your evaluation. I don't want you writing them to please me. I want you writing them to facilitate discussion and to help one another get clarity. If I give you feedback on papers or presentations, it will only be to help make them more suitable for the function they are meant to serve.

### 2. Evaluation

What you will be evaluated on is the honors examination and a term paper. The term paper should be 10-15 pages long. It can be a critical discussion of stuff from one or more weeks of the syllabus, a research proposal based on things we've read and discussed, or even a discussion of the relation between material in this course and things you've encountered in other courses. It will be due on Monday, May 7. A proposal and rough outline will be due on Monday, April 23.

Required Books

- Gilovich, T., Griffin, D., & Kahneman, D. (Eds.) (2002). Heuristics and Biases: The Psychology of Intuitive Judgment. New York: Cambridge University Press. [Designated in the syllabus as **GGK**]
- Kahneman, D. & Tversky, A. (Eds.) (2000). Choices, Values, and Frames. New York: Cambridge University Press. [Designated in the syllabus as **KT**]
- Sunstein, C.R. (2002). Risk and Reason: Safety, Law, and the Environment. New York: Cambridge University Press.

I. General Framework on Evaluating Evidence and Choice

- Kahneman, D. (2003). A perspective on judgment and choice. American Psychologist, *58*, 697-720.
- Kahneman, D. & Tversky, A. (1984). Choices, values, and frames. American Psychologist, *39*, 341-350. [KT # 1]
- Tversky, A. & Kahneman, D. (1986). Rational choice and the framing of decisions. Journal of Business, *59*, 5251-5278. [KT #12]
- Thaler, R.H. (1980). Toward a positive theory of consumer choice. Journal of Economic Behavior and Organization, *1*, 39-60. [KT #15]
- Thaler, R. H. (1999). Mental accounting matters. Journal of Behavioral Decision Making, *12*, 183-206. [KT # 14]
- Todd, P.M. & Gigerenzer, G. (2003). Bounding rationality to the world. Journal of Economic Psychology, *24*, 143-165.
- Gigerenzer, G. (2004). Fast and frugal heuristics: The tools of bounded rationality. In D. Koehler & N. Harvey (Eds.), Handbook of Judgment and Decision Making (pp. 62-88). New York: Oxford University Press.

Papers

1. The Kahneman paper provides his latest thinking about what the research he and Amos Tversky did over the last 30 years really tells us. What does it tell us? What is the evidence that there are “two systems,” what are the systems like, and how do they interact. Are both systems really “reasoning” systems? Review Gigerenzer’s approach to what heuristics are and what they do in decision making. How is it different from Kahneman’s approach. Are they being fair to him as a critic of research in heuristics and biases?
2. Review the Kahneman & Tversky and Tversky & Kahneman papers. What are the key features of prospect theory? What is “framing”? What violations of the norms of rational decision making do the phenomena they describe exemplify?
3. Review Thaler’s two papers on “mental accounting.” What does he mean by that term? How does his analysis relate to prospect theory? What phenomena can the

idea of mental accounting help us understand? Does this violate the norms of rational decision making?

## II. “Thin Slicing”

**[Delete old week 2 except for Dijksterhuis et al, 2004, and add the starred below]**

Gladwell, M. Blink.

Dijksterhuis, A. (2004). Think different: The merits of unconscious thought in preference development and decision making. Journal of Personality and Social Psychology, 87, 586-598.

\*\*\*Dijksterhuis, A., Bos, M.W., Nordgren, L.F., & van Baaren, R.B. (2006). On making the right choice: The deliberation-without-attention effect. Science, 311, 1005-1007.

\*\*\*Dijksterhuis, A. & Nordgren, L.F. (2006). A theory of unconscious thought. Perspectives on Psychological Science, 1, 95-109.

\*\*\*Klein, G. (1998). Sources of power. Cambridge, MA: MIT Press. Chapter 1-4 (pp.1-44).

### *Recommended*

Sloman, S. A. (2002). Two systems of reasoning. [GGK #22]

### Papers

1. What does Gladwell mean by “thin slicing”? What is “expertise”? How does Gladwell’s analysis relate to Kahneman’s “two systems”? Can we say anything useful about when people get it right and when they get it wrong?
2. Review Dijksterhuis’ empirical findings and his theory of unconscious thought. Relate the Dijksterhuis studies to Gladwell. From the perspective of Dijksterhuis’ results, is it really “thin slicing”? And how does Dijksterhuis relate to the “two systems” idea? What are the limits of the similarity?
3. What has Klein learned about how experts make decisions? What is the “RPD Model,” and how does it relate to the two systems and to Dijksterhuis? Describe some examples of expert decision making and of our own, every day “automatic” decision making. If Klein is right, how do we teach people to be expert decision makers? Can we apply the RPD model to decisions that involve choice among options that serve different goals or values rather than choice among actions where the goals are fixed?

### III. Representativeness and Availability

- Tversky, A. & Kahneman, D. (1984). Extensional versus intuitive reasoning: The conjunction fallacy in probability judgment. Psychological Review, *91*, 293-315. [GGK #1]
- Kahneman, D. & Frederick, S. (2002). Representativeness revisited: Attribute substitution in intuitive judgment. [GGK # 2]
- Nisbett, R.E., Krantz, D.H., Jepson, C., & Kunda, Z. (1983). The use of statistical heuristics in everyday inductive reasoning. Psychological Review, *90*, 339-363. [GGK #28]
- Gilovich, T. Vallone, R., & Tversky, A. (1985). The hot hand in basketball: On the misperception of random sequences. Cognitive Psychology, *17*, 295-314. [GGK #33]
- Sherman, S.J., Cialdini, R.B., Schwartzmann, D.F., & Reynolds, K.D. (1985). Imagining can heighten or lower the perceived likelihood of contracting a disease: The mediating effect of ease of imagery. Personality and Social Psychology Bulletin, *11*, 118-127. [GGK # 4]
- Dawes, R.M., Faust, D., & Meehl, P.E. (1991). Clinical versus actuarial judgment. Science, *243*, 1668-1673. [GGK #40]
- Morewedge, C.K., Gilbert, D.T., & Wilson, T.D. (2005). The least likely of times: How remembering the past biases forecasts of the future. Psychological Science, *16*, 626-630.

### Papers

1. What is the “conjunction fallacy” (Tversky and Kahneman), and how is it explained by the representativeness heuristic? Consider the question of the right methodology for studying the “Linda” problem and problems like it. Should it be studied within or between subjects? Can you criticize the methods used by Tversky and Kahneman? What do Kahneman & Frederick mean by “attribute substitution,” and how is that related to representativeness?
2. How do people think about chance and what factors influence them? What kinds of errors do people make, and under what conditions (Nisbett et al and Gilovich et al). How does vividness (availability—Sherman et al) affect people’s estimates of likelihood of uncertain events?
3. Discuss the paper by Dawes et al. It offers a “real world” consequence of the non-normative way people think about uncertainty. Why is relying on “clinical” vs. “actuarial” information a “mistake”? Is it always a mistake? And how tenaciously should “experts” cling to their theories after the theories have given rise to predictions that are disconfirmed? How does the Morewedge et al. paper speak to the issue of “clinical vs. actuarial” prediction?

#### IV. Anchoring and Adjustment

- Chapman, G.B. & Johnson, E.J. (2002). Incorporating the irrelevant: Anchors in judgment of belief and value. [GGK # 6, pp.120-138]
- Epley, N. & Gilovich, T. (2001). Putting adjustment back in the anchoring and adjustment heuristic. Psychological Science, 12, 391-396. [GGK #7]
- Keysar B. & Barr, D.J. (2002). Self-anchoring in conversation: Why language users do not do what they “should.” [GGK #8, pp. 150-166]
- Epley, N., Keysar, B., Van Boven, L., & Gilovich, T. (2004). Perspective taking as egocentric anchoring and adjustment. Journal of Personality and Social Psychology, 87, 327-339.
- Birch, S.A.J. (2005). When knowledge is a curse: Children’s and adults’ reasoning about mental states. Current Directions in Psychological Science, 14, 25-29.
- Wilson, T.D., Centerbar, D.B., & Brekke, N. (2002). Mental contamination and the debiasing problem. [GGK #10, pp.185-200]
- Gilbert, D. (2002). Inferential correction. [GGK #9, pp.167-184]

#### Papers

1. What are “anchoring and adjustment” and what factors influence them? How is this phenomenon related to the “two system” approach we discussed in Week 1? What is the evidence that people actually “adjust,” and what seems to be the mechanism? (Chapman & Johnson; Epley & Gilovich).
2. The Keysar & Barr, Epley et al, and Birch, papers discuss applications of anchoring and adjustment to the non-quantitative domain involving the perception of self and others. These papers suggest a cognitive rather than a motivated account of self-absorption. Discuss the relevance of anchoring and adjustment to egocentrism. Are the social problems posed by these papers soluble? How? What is the developmental perspective on egocentrism and the “curse of knowledge”?
3. The Wilson and Gilbert papers also focus on the social consequences of some of our judgment processes. Relate Wilson’s arguments to anchoring and adjustment, and the “two system” approach. He suggests that this is an unmotivated source of prejudice. How can we overcome it? What is Gilbert’s “categorization, characterization, and correction” model of the process by which we make inferences about the dispositions (personality) of others? How is it related to anchoring and adjustment? What is Gilbert’s evidence? How does it relate to the “Descartes-Spinoza” dispute?

#### V. On Knowing How We Feel, What We Think, and What We Value

- Slovic, P. (1991). The construction of preference. American Psychologist, 46, 364-371. [KT #27]

- Fischhoff, B. (1991). Value elicitation: Is there anything in there? American Psychologist, 46, 835-847. [KT #35]
- Ariely, D., Loewenstein, G., & Prelec, D. (unpublished). Tom Sawyer and the construction of value.
- Kahneman, D. (2000). Experienced utility and objective happiness: A moment-based approach. [KT # 37, pp. 673-692]
- Riis, J., Loewenstein, G., Baron, J., Jepson, C., Fagerlin, A., & Ubel, P.A. (2005). Ignorance of hedonic adaptation to hemodialysis: A study using ecological momentary assessment. Journal of Experimental Psychology: General, 134, 3-9.
- Wirtz, D., Kruger, J., Scollon, C.N., & Diener, E. (2003). What to do on spring break? The role of predicted, on-line, and remembered experience on future choice. Psychological Science, 14, 520-524.
- Gilbert, D.T., Pinel, E.C., Wilson, T.D., Blumberg, S.T., & Wheatley, T.P. (1998). Durability bias in affective forecasting. Journal of Personality and Social Psychology, 75, 617-638. [GGK # 16]
- Dunn, E.W., Wilson, T.D., & Gilbert, D.T. (2003). Location, location, location: The misprediction of satisfaction with housing lotteries. Personality and Social Psychology Bulletin, 29, 1421-1432.

### Papers

1. What is the distinction between preferences and values as constructed and as elicited? Review the evidence on this issue discussed by Fischhoff and by Slovic. How do Ariely et al show that people sometimes don't even know if something is good or bad? What are the implications of this evidence, both for research methodology and for any applied efforts to determine what people want for purposes, say, of formulating public policy?
2. What distinctions does Kahneman make between experienced utility or happiness and remembered happiness? How do they differ? How do the "spring break" study and the hemodialysis study speak to this distinction? If experienced and remembered utility don't match, which of them ought to matter when people are making decisions?
3. What is the evidence that people mispredict their satisfaction with the outcomes of decisions? What are the "durability bias" and the "focusing illusion"? How can people possibly make rational decisions if they systematically mispredict the effects of those decisions? Is this a case where "System 2" has to step in and "adjust" the output of "System 1"?

### VI. Current and Future Selves: Predicting and Deciding

- Loewenstein, G. (1996). Out of control: Visceral influences on behavior. Organizational Behavior and Human Decision Processes, 65, 272-292.

- Rozin, P. (1999). The process of moralization. Psychological Science, *10*, 218-221.
- Ariely, D. & Wertenbroch, K. (2002). Procrastination, deadlines, and performance: Self-control by precommitment. Psychological Science, *13*, 219-224.
- \*\*Ariely, D. & Loewenstein, G. (2006). The heat of the moment: The effect of sexual arousal on sexual decision making. Journal of Behavioral Decision Making, *19*, 87-98.
- Buehler, R. , Griffin, D., & Ross, M. (2002). Inside the planning fallacy: The causes and consequences of optimistic time predictions. [GGK #14]
- Kruger, J. & Evans, M. (2004). If you don't want to be late, enumerate: Unpacking reduces the planning fallacy. Journal of Experimental Social Psychology, *40*, 586-598.
- Weinstein, N.D. & Klein, W.M. (1995). Resistance of personal risk perceptions to debiasing interventions. Health Psychology, *14*, 132-140. [GGK #17]
- Dunning, D., Heath, C., & Suls, J.M. (2004) Flawed self-assessment: Implications for health, education, and the workplace. Psychological Science, *5*, 71-106.

### Papers

1. Review Loewenstein's account of why people have trouble seeing to their long-term interests, or giving appropriate weight to their "future selves." How does his account differ from accounts based on the shape of the "temporal discount function"? Discuss the Ariely & Loewenstein paper as evidence in support of Loewenstein's theory. Given that people have trouble giving due weight to their long-term interests, what role can "moralization" (Rozin) play in overcoming this problem? How can we understand the effects of moralization in psychological terms?
2. What are the causes of procrastination and poor time budgeting? What is "unpacking," and how does it relate to the way in which people might evaluate the probability of various outcomes. Discuss the papers by Ariely & Wertenbroch, by Buehler et al., and by Kruger & Evans.
3. What is the evidence that people have an "optimistic bias"? How can it be sustained in the face of contradictory evidence? What might be its adaptive value? Can the optimistic bias help us understand the difficulties people have in time budgeting?

### VII. The Role of Affect

- Slovic, P., Finucane, M., Peters, E., & MacGregor, D.C. (2002). The affect heuristic. [GGK #23]
- \*\*\*Slovic, P. (in press). "If I look at the mass, I will never act": Psychic numbing and genocide. Decision Research.
- Loewenstein, G.F., Weber, E.U., Hsee, C.K., & Welch, N. (2001). Risks as feelings. Psychological Bulletin, *127*, 267-286.

- Hsee, C.K. & Rottenstreich, Y. (2004). Music, pandas, and muggers: On the affective psychology of value. Journal of Experimental Psychology: General, *133*, 23-30.
- Lerner, J.S. & Keltner, D. (2001). Fear, anger, and risk. Journal of Personality and Social Psychology, *81*, 146-159.
- Lerner, J.S., Gonzalez, R.M., Small, D.A., & Fischhoff, B. (2003). Effects of fear and anger on perceived risks of terrorism: A national field experiment. Psychological Science, *14*, 144-150.
- Shiv, B., Loewenstein, G., Bechara, A., Damasio, H., & Damasio, A.R. (2005). Investment behavior and the negative side of emotion. Psychological Science, *16*, 435-439.
- \*\*\*Ditto, P.H., Pizarro, D.A., Epstein, E.B., Jacobson, J.A., & Macdonald, T.K. (2006). Visceral influences on risk-taking behavior. Journal of Behavioral Decision Making, *19*, 99-113.

### *Recommended*

- Frederick, S. (2002). Automated choice heuristics. [GGK #30, pp. 548-558]
- Rottenstreich, Y. & Hsee, C.K. (2001). Money, kisses and electric shocks: On the affective psychology of risk. Psychological Science, *12*, 185-190.
- Schwartz, N. (2002). Feelings as information: Moods influence judgments and processing strategies. [GGK #29]

### Papers

1. What is the “affect heuristic”? How does it work? How does it affect the attractiveness of prospects, the assessment of probabilities, and the evaluation of risk? Can this be fit into the “Two System” framework? What are the advantages and disadvantages of being governed by this heuristic? How can it help explain such massively important social phenomena as insensitivity to genocide?
2. Loewenstein et al present evidence that affect influences the assessment of probability, Hsee & Rottenstreich and Shiv et al. present evidence that affect influences the assessment of value, & Ditto et al. present evidence that affect influences the willingness to take risks. Review the evidence. In light of this evidence, what is the role of the rational/cognitive/consequentialist part of human beings in their decision making. Is there anything left for “System 2” to do? Can it overcome affect? Should it?
3. The two papers by Lerner suggest that talking about the role of affect in assessing risk is much too crude. How do fear and anger differentially affect the assessment of risk? Why? Given these results, what can people do to enable their risk assessment to be “objective”?

### VIII. Framing and Prospects



- Kahneman, D. & Tversky, A. (1984). Choices, values, and frames. American Psychologist, *39*, 341-350. [KT # 1] [from Week 1]
- Tversky, A. & Kahneman, D. (1986). Rational choice and the framing of decisions. Journal of Business, *59*, 5251-5278. [KT #12] [from Week 1]
- Kahneman, D., Knetsch, J.L., & Thaler, R.H. (1991). The endowment effect, loss aversion, and status quo bias. Journal of Economic Perspectives, *5*, 193-206. [KT #8]
- Hsee, C.K. (1996). Attribute evaluability: Its implications for joint-separate evaluation reversals and beyond. Organizational Behavior and Human Decision Processes, *67*, 247-257. [KT # 31]
- Hsee, C.K. & Zhang, J. (2004). Distinction bias: Misprediction and mischoice due to joint evaluation. Journal of Personality and Social Psychology, *86*, 680-695.
- Frisch, D. (1993). Reasons for framing effects. Organizational Behavior and Human Decision Processes, *54*, 399-429.
- \*\*\*Hsee, C.K., Zhang, J., Yu, F., & Xi, Y. (2006). Lay rationalism and inconsistency between predicted experience and decision. Journal of Behavioral Decision Making, *16*, in press.

### Papers

1. What is the “endowment effect”? How is it explained by prospect theory? Review the Kahneman et al, paper in answering this question. Also, consider the implications of the endowment effect for the most fundamental of assumptions that underlie the workings of free markets: people “exchange” because the value of a good is greater to the recipient than it is to the current owner. That way, both parties to the exchange end up better off. The endowment effect seems to interfere with this basic principle. Comment.
2. What is attribute “evaluability” and when does it operate? Discuss it in connection with framing. Specifically, consider that the “frame” within which decisions are made may differ from the “frame” within which the results of decisions are consumed, leading to a mismatch between the decision experience and the consumption experience.
3. Are framing effects a violation of economic rationality? The presumption is that they are, but Frisch suggests that perhaps they aren't. What is her argument and what is her evidence? Frisch's paper raises a question about whether it is the objective results of decisions or the subjective results that we should care about in assessing the quality of the decision. Discuss the Hsee et al (2006) paper in connection with Frisch and with this issue of objective vs subjective. How does the distinction between decision utility and experienced (or predicted) utility play out in Hsee's paper? He takes the evidence of a mismatch to be an indication that people are doing something wrong. What are they doing wrong, and do you agree that it's a mistake?

### IX. Framing and Prospects: Applications

- Benartzi, S. & Thaler, R.H. (1995). Myopic loss aversion and the equity premium puzzle. Quarterly Journal of Economics, 110, 73-92. [KT # 17]
- Odean, T. (1998). Are investors reluctant to realize their losses? Journal of Finance, 53, 1775-1798. [KT # 21]
- Johnson, E.J., Hershey, J., Meszaros, J., & Kunreuther, H. (1993). Framing, probability distortions, and insurance decisions. Journal of Risk and Uncertainty, 7, 35-51. [KT # 13]
- Camerer, C.F., Babcock, L., Loewenstein, G., & Thaler, R.H. (1997). Labor supply of New York City cab drivers: One day at a time. Quarterly Journal of Economics, 112, 407-441. [KT # 20]
- Shafir, E., Diamond, P., & Tversky, A. (1997). Money illusion. Quarterly Journal of Economics, 112, 341-374. [KT # 19]
- Quattrone, G.A. & Tversky, A. (1988). Contrasting rational and psychological analyses of political choice. American Political Science Review, 82, 719-736. [KT # 25]

### Papers

All of the readings for this week are applications of prospect theory to real world phenomena. The three papers should each discuss the phenomena and make clear and explicit their relation to prospect theory. They should consider the implications of the phenomena in question for any economic analysis that ignores psychology. And they should reflect on the “objective/subjective” issue we discussed last week.

1. Paper on Benartzi & Thaler and Odean [prospect theory and the world of finance]
2. Paper on Johnson et al and Camerer et al [prospect theory, insurance and wages]
3. Paper on Shafir et al and Quattrone & Tversky

### X. Decisions and Regret

- Kahneman, D. & Tversky, A. (1982). The simulation heuristic. In D. Kahneman, P. Slovic, & A Tversky (Eds.) Judgment under uncertainty: Heuristics and biases (pp. 201-208). New York: Cambridge University Press.
- Miller, D.T. & Taylor, B.R. (2002). Counterfactual thought, regret, and superstition: How to avoid kicking yourself. [GGK # 21, pp.367-378]
- Medvec, V.H., Madey, S.F., & Gilovich, T. (1995). When less is more: Counterfactual thinking and satisfaction among Olympic medallists. Journal of Personality and Social Psychology, 69, 603-610. [GGK # 35]
- Gilovich, T. & Medvec, V.H. (1995). The experience of regret: What, when, and why? Psychological Review, 102, 379-395.
- Niedermayer, L.Y. & Chapman, G.B. (2001). Action, inaction, and factors influencing perceived decision making. Journal of Behavioral Decision Making, 14, 295-308.
- Zeelenberg, M., van den Bos, K., van Dijk, E., & Pieters, R. (2002). The inaction effect in the psychology of regret. Journal of Personality and Social Psychology, 82, 314-327.

Papers

General: A theme I would like each of the papers to reflect upon is this: regret seems to undermine satisfaction. Does this mean that regret is bad for us? Should we learn to stop experiencing regret? Or does regret serve important functions? If so, can we specify the conditions under which regret makes sense?

1. What are the conditions that trigger regret, according to Kahneman and Tversky? How is this reflected in Olympic medallists (Medvec et al.)? What is the role of counterfactual thinking to regret (Miller & Taylor)? What is “anticipatory regret,” and what effects will it have on decisions?
2. Discuss the theory of regret offered by Gilovich and Medvec. What is their argument (and evidence) about the difference between acts of commission and acts of omission? Do you agree with their analysis?
3. When does a non-action count as an action? When does a non-decision count as a decision? Discuss these general questions in connection with the Niedermayer & Chapman paper and the Zeelenberg et al paper, and then relate your discussion to the specific phenomenon of regret.

XI. Choosing to Choose**[Delete Rottenstreich, et al.]**

- Schwartz, B. (2000). Self determination: The tyranny of freedom. American Psychologist, *55*, 79-88.
- Loewenstein, G. (2000). Is more choice always better? Manuscript.
- Schneider, C. E. (1998). The Practice of Autonomy. New York: Oxford University Press. Chapter 1, Chapter 2 (9-46).
- Brenner, L. , Rottenstreich, Y., & Sood, S. (1999). Comparison, grouping, and preference. Psychological Science, *10*, 225-229.
- \*\*\*Ritov, I. (2006). The effect of time on pleasure with chosen outcomes. Journal of Behavioral Decision Making, *19*, 177-190.
- Sood, S., Rottenstreich, Y., & Brenner, L. (2004). On decisions that lead to decisions: Direct and derived evaluations of preference. Journal of Consumer Research, *31*, 17-25.
- Sunstein, C.R. and Thaler, R.H. (2003). Libertarian paternalism is not an oxymoron. University of Chicago Law Review, *70*, 1159-2002.
- \*\*\*McKenzie, C.R.M., Liersch, M.J., & Finkelstein, S.R. (2006). Recommendations implicit in policy defaults. Psychological Science, *17*, 414-420.

Papers

1. “If some choice is good, more choice is better.” Discuss this perfectly reasonable claim in light of the Schwartz and Loewenstein papers. How is it reflected in the ethics of “patient autonomy”? What does Schneider have to say about patient autonomy, and what do patients seem to want?
2. Discuss the two Brenner, Sood, and Rottenstreich papers and the Ritov paper in connection with how the number of options affects the process of choice and the likelihood that people will be satisfied with their choices. Relate these papers to the phenomenon of regret, and to the matter of joint vs. separate evaluation. How does the Ritov paper help us to understand why cognitive dissonance fails to take care of the fact that “everything suffers from comparison.”
3. What is “libertarian paternalism”? What makes it libertarian and what makes it paternalistic? What is the evidence of its effectiveness? Do you buy the argument that some amount of paternalism is inevitable? Would you support libertarian paternalism as a general guide for the formation of public policy? How does the McKenzie et al. article speak to the Sunstein & Thaler argument?

## XII. Making Decisions: Utility, Tradeoffs, and Moral Thinking

Baron, J. (1986). Tradeoffs among reasons for action. Journal for the Theory of Social Behavior, 16, 173-195.

\*\*\*DeKay, M.L. & Kim, T.G. (2005). When things don't add up: The role of perceived fungibility in repeated-play decisions. Psychological Science, 16, 667-672.

Haidt, J. (2001). The emotional dog and its rational tale: A social intuitionist model of moral judgment. Psychological Review, 108, 814-834.

Uhlmann, E.L. & Cohen, G.L. (2005). Constructed criteria: Redefining merit to justify discrimination. Psychological Science, 16, 474-480.

Fiske, A.P. & Tetlock, P.E. (1997). Taboo trade-offs: Reactions to transaction that transgress the spheres of justice. Political Psychology, 18, 255-297 (255-285 required; the rest recommended).

Sunstein, C. (2005). Moral heuristics. Behavioral and Brain Sciences, 28, 531-573.

Bostrom, N. & Ord, T. (unpublished). Status quo bias in bioethics: The case for human enhancement.

### Papers

1. What is Baron's argument that tradeoffs are not only appropriate, but essential for moral action? What is the difference between act utilitarianism and rule utilitarianism? Between archangel and prole? Review the DeKay & Kim paper. What is “fungibility,” and to what extent is it assumed (incorrectly) in models of decision making? How does it relate to matters of framing? DeKay and Kim are concerned mostly with fungibility across different people. Can their argument and evidence be extended within a person, across different mental “accounts”? Are there rules about what should or should not be fungible that we could use to criticize the

rationality of decision making? How does the DeKay & Kim paper relate to Baron's arguments? Consider the possibility that rules (of the sort that proles might follow) function as defaults, or as anchors.

2. Haidt argues that "reason is a lawyer, not a judge." What does he mean by this and what is his evidence? What role should reason play in our moral evaluations (asked another way, if you buy Haidt's arguments, what would you, as an educator, do about them?) Relate Haidt's arguments to the findings of Uhlmann & Cohen.
3. What are "taboo tradeoffs"? Are there "rules" by which they seem to operate? Do you think they should be preserved, and even strengthened, or do you think we should be working to break them down? What is the relation between the Fiske and Tetlock analysis and framing? What is the relation between Fiske and Tetlock's analysis and Sunstein's discussion of "moral heuristics"? How does this relate to ethical questions concerning the possibility of human enhancement (Bostrom & Ord)? In answering this question, think about last week's discussion of the costs and benefits of choice. Consider also the possibility that though violating taboo tradeoffs in practice is inevitable, it is better to do so inadvertently than to do so deliberately.

### XIII. Making Decisions: Fairness and Justice

#### **[Delete Larrick et al and Wong & Hong]**

- Kahneman, D., Knetsch, J.L., & Thaler, R. (1986). Fairness as a constraint on profit seeking: Entitlements of the market. American Economic Review, 76, 728-741. [KT # 18]
- Frank, R.H., Gilovich, T., & Regan, D.T. (1993). Does studying economics inhibit cooperation? Journal of Economic Perspectives, 7, 159-171.
- Yezer, A.M., Goldfarb, R.S., & Poppen, P.J. (1996). Does studying economics discourage cooperation? Watch what we do, not what we say or how we play. Journal of Economic Perspectives, 10, 177-186.
- Frank, R.H., Gilovich, T.D., & Regan, D.T. (1996). Do economists make bad citizens? Journal of Economic Perspectives, 10, 187-192.
- Frey, B.S. & Oberholzer-Gee, F. (1997). The cost of price incentives: An empirical analysis of motivation crowding out. American Economic Review, 87, 746-755.
- Miller, D.T. (1999). The norm of self-interest. American Psychologist, 54, 1053-1060.
- Heyman, J. & Ariely, D. (2004). Effort for payment: A tale of two markets. Psychological Science, 15, 787-793.

#### Papers

1. Review the "rules" that people seem to use to determine what is or isn't fair in economic transactions? Do you think any of these rules extend outside the economic domain to the social domain? Where do you think these rules come from? Are they rational?

2. Evaluate the debate between Frank et al and Yezer et al. What do Frank et al report and what is Yezer et al's criticism? Are economists really different from the rest of us? What would Miller say?
3. Discuss the Frey paper. Frey is arguing that to teach people to think more like economists would be something of a moral disaster. What are his arguments? How does the Heyman & Ariely paper bear on this position? What would Miller say? What would Fiske and Tetlock say? What do you think?

#### XIV. Perception of Risk, Decision-Making, and Social Policy

Sunstein, C.R. (2002). Risk and Reason: Safety, Law, and the Environment. New York: Cambridge University Press. Introduction, Chapters 1-6, Chapter 10.

##### *Recommended:*

Baron, J. (1997). Biases in the quantitative measurement of values in public decisions. Psychological Bulletin, 122, 72-88.

##### Papers

1. Review Sunstein's discussion in Chapters 1-4. How are various of the phenomena we have discussed throughout the course reflected in the way people think about risk and public policy? Reflect on the possibility that his, perhaps reasonable, view that cost-benefit analysis should be a part of any public policy carries the danger that eventually it will become the sole determinant of public policy. What should policy makers do with the fact that citizens have quite different subjective responses to different sorts of risks and different sorts of deaths?
2. In Chapters 5 and 6, Sunstein offers an alternative way to think about risk and make public policy decisions. What is his approach? What is your evaluation of it? What do you think of the idea that "richer is safer"? What do you think of his suggestion that we can avoid people's reluctance to make tradeoffs between life and money by translating all costs into health consequences so that people can deal with "health-health tradeoffs."
3. Review the "tools" Sunstein offers for making policy decisions about risk. What do you think of them? How much democracy should we give up to promote social welfare? Relate this issue to the idea of "libertarian paternalism" (Week XI).