Cognitive science and policy making:

considerations on the method and moral basis of nudging

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Office Hours: by appointment: send an email.

Elective Course, 2 credits

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Thursdays, 11.00am-12.40pm, room 103, October 6th  u., 7. First floor.

**Course objectives**

How can cognitive science inform policy-making? Can policy be improved by taking findings of cognitive science into account?

 Traditional policy making assumes that citizens are rational agents who always take the best decisions for themselves. Yet, findings in behavioral economics and cognitive psychology show that it is not the case: people are “predictably irrational.” This fact might open new avenues for making policies that foster individual decisions that are better for both the individual taking them and society.

 The course addresses both the method and the moral basis of the use of cognitive psychology in policy making. This includes issues in contemporary political philosophy regarding the legitimacy of using scientific theories about human behavior for political purposes. It also include issues in behavioral economics and a specification of its relevance to policy making

**Course Structure**

The course will include old fashioned lectures, seminars organised as discussion over . A lecture summarizes the main theoretical and empirical advances in each topic, and the seminar is devoted to the discussion of the reading material. Students are also required to write an essay on a topic agreed with the lecturers.

**Learning outcomes**

In this course, students will acquire knowledge about, and will reflect on:

* theories in cognitive science deemed to be relevant to political science; these mainly include experimental work on biases in decision-making.
* specific applications of policy-making informed by cognitive psychology/science, with an eventual focus on cooperative behaviour
* whether exploiting the theories of cognitive psychology for policy-making can be understood as beneficial or even acceptable, depending on one's ethical principles

**Requirements:**

* All students must read the core reading before the lectures and seminars. Students are expected to contribute to class discussion and should have ready, each week, at least one question based on the texts and that could be fruitfully addressed during class discussion.
* Each student will present one paper to the class. For this presentation, we encourage preparing a handout that summarizes the goals of the papers, their main arguments and the method and evidence they rely on. We also discourage the use of power point.
* Registered students must submit a final essay of no more than 2,000 words at the end of the term.

Grades will be awarded as follows:

* *Final essay 30%* (The short essay—less than 2000 words—will either be an independent position paper, or a critical review of a relevant book, paper or set of papers. The subject should be decided as early as possible together with the me).
* *Presentation of a paper 20%* (the presentation looks for an ability to verbally express and criticise arguments. It also focuses on the skills needed to explain general arguments in a crisp and succinct way).
* *Presentation of a nudge in the nudge fair 20%* (The presented nudge should be thoroughly analysed: What are the psychological evidence that the nudge is needed? In what way would the presented nudge improve people’s life? Does it respect the nudgees? Does it go against their autonomy? What experiment (lab or field) would enable assessing the efficiency of the nudge?
* *Performance in the debate session 15%*
* *Participation 15%*

**The sessions are:**

1. **Rational decision making and bounded rationality**

Introductory lecture to decision theory and related notions: preferences, risks, calculation of expected utility, rationality and bounded rationality.

No required reading

1. **Experimental economics: relevant results and methods**

Overview of different cognitive biases discovered by behavioural economists and cognitive psychologists. Explanation of the theoretical framework and experimental method put to work for investigating irrational choices.

Required reading

Shampanier, Kristina, Nina Mazar, and Dan Ariely. "Zero as a special price: The true value of free products." *Marketing Science* 26.6 (2007): 742-757.

Further readings

Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, *47*(2), 263–292.

Ariely, Dan (2008) *Predicably Irrational*.

On evidence based policy making (education in this case)

Goldacre, B. (2013). Building evidence into education. Bad Science.

<http://media.education.gov.uk/assets/files/pdf/b/ben%20goldacre%20paper.pdf>

1. **What is a nudge?**

Session dedicated to

a. explaining the idea of ‘libertarian paternalism’ that motivates nudging, in contrast with other kinds of paternalisms.

b. specifying what criteria could be used for distinguishing nudges from other political interventions.

c. Clarify what kind of assumptions there is behind the advocacy of nudging policies.

Required reading

Thaler and Sunstein, *Nudge* (2008), chs. 1, 4, and 15

Saghai, S. ‘Salvaging the concept of nudge’, J Med Ethics (2013) 39: 487-493

Further reading:

Gigerenzer, G. (2015). On the Supposed Evidence for Libertarian Paternalism. *Review of Philosophy and Psychology*, 1-23.

Blumenthal-Barby, J.S. (2013) Chapter 9: Choice Architecture: A mechanism for improving decisions while preserving liberty?, in Paternalism: Theory and Practice.

Sunstein, C. *Why Nudge?*

1. **Nudging against procrastination**

The first part of the session will be dedicated to analysing time inconsistent choices, their psychological basis and the way to nudge against them. Key notions include hyperbolic discounting, weakness of the will and meta-preferences.

Required reading

Elster, Jon (2000) *Ulysses Unbound* Chapter 1 (until p. 33.)

Schrift, R. Y., & Parker, J. R. (2014). Staying the Course: The Option of Doing Nothing and Its Impact on Postchoice Persistence. *Psychological Science*.

Further reading

Ariely, Dan (2008) *Predictably Irrational*  Chapter 7

1. **Paternalism: useful distinctions and moral issues**

Required reading:

Legrand and New. *Government Paternalism*, Chs. 2-3

Further readings:

Dworkin, Gerald, "Paternalism", The Stanford Encyclopedia of Philosophy <<http://plato.stanford.edu/archives/sum2010/entries/paternalism/>>

Waldron, J. ‘Theoretical Foundations of Liberalism’ in his *Liberal rights*, CUP, 1984

Christman, John, "Autonomy in Moral and Political Philosophy", The Stanford Encyclopedia of Philosophy <<http://plato.stanford.edu/archives/spr2015/entries/autonomy-moral/>>

Raz, J. *The Morality of Freedom*, Ch. 14.

Noggle, Robert (1996). Manipulative Actions: A Conceptual and Moral Analysis. American Philosophical Quarterly 33 (1):43 - 55.

1. **Medical paternalism**

In the second part about nudging in the medical domain.

**Required readings**

Bullock, E. C. (2014) Free Choice and Patient Best Interests, *Health Care Analysis* (Online).

Cohen, S. (2013) Nudging and Informed Consent. *The American Journal of Bioethics*. 13, 6: 3-11.

Blumenthal-Barby, J.S., McCullough, L.B., Krieger H., and Coverdale, J. (2013) ‘Methods of Influencing the Decisions of Psychiatric Patients: An Ethical Analysis’

**Further reading:**

Lloyd, A. J. (2001). The extent of patients’ understanding of the risk of treatments. Quality in Health Care, 10.I, i14–i18.

Miller, S. M., &Mangan, C. E. (1983). Interacting effects of information and coping style in adapting togynaecologic stress: Should the doctor tell all? Journal of Personality and Social Psychology, 45(1), 223–236.

Sandman, Lars &Munthe, Christian (2009). Shared decision-making and patient autonomy. Theoretical Medicine and Bioethics 30 (4):289-310.

Strull, W., Lo, B., & Charles, G. (1984). Do patients want to participate in medical decision making? JAMA, 252(21), 2990–2994

1. **Economic argument against nudging**

For economic reasons, policy makers should continue using the good old means, viz. changing incentives, and only those means. We'll look at these reasons and assess whether they are good indeed.

Required reading:

G. Lowenstein and P. Ubel (2010) Economics Behaving Badly, New York Times. <http://www.nytimes.com/2010/07/15/opinion/15loewenstein.html?_r=0>

M.J. Rizzo and D.G. Whitman (2009) “The Knowledge Problem of New Paternalism,” BYU Law Review. FROM PAGE 907 TO 912 AND FROM 960 TO 968.

1. **Debate in moral philosophy: Is nudging intrinsically manipulative? Is it a practice that fail to respect citizens?**

Debate session:

Three teams will be constituted, which will defend one of the three following positions:

a. Respect is not a fundamental value. Nudging should be done in view of the cost and benefits that it brings to a population.

b. Nudging should be respectful, and there are some nudges that are indeed so.

c. Nudging is never truly respectful and should therefore be avoided.

Rules: students will be randomly assigned to one of the three groups.

Each of the group will first speak for 15 minutes;

10 minutes to prepare a reply, answering the opponents’ arguments

A reply of 10 minutes answering the opponents’ arguments;

5 minutes (unprepared) conclusions.

The jury will consist of Dr. Moles and Dr. Heintz. A prize will be given to the winner.

Suggested readings:

Quong 2010, ‘Paternalism and Perfectionism’ in *Liberalism without Perfection* (OUP)

Conly, S. *Against Autonomy*, 2013, CUP. Chapters 1 and 6.

Darwall, S. ‘Two kinds of respect’, *Ethics*, 1977, 88, 36-49.

Blumenthal-Barby, J.S. (2013) Chapter 9: Choice Architecture: A mechanism for improving decisions while preserving liberty?, in Paternalism: Theory and Practice.

+ readings from the session on paternalism

1. **Nudging in developing countries**

Required reading:

Shah, A. K., Mullainathan, S., & Shafir, E. (2012). Some consequences of having too little. *Science*, *338*(6107), 682-685.

Futher readings:

Banerjee, Abhijit, et al. "The miracle of microfinance? Evidence from a randomized evaluation." *American Economic Journal: Applied Economics* 7.1 (2015): 22-53.

1. **Nudge fair**

Groups of students will select a nudge that they are willing to analyse. They will point out the underlying psychology motivating or enabling the nudge and they will analyse whether the nudge conforms to principles of liberal paternalism or other normative principles. They will also specify the implementation and consider possible unintended effects. In the following week, groups will present their work on this nudge. Among the possible nudges to be analysed are the following:

* Nudging against smoking

Barton, A. How tobacco health warnings can foster autonomy. Public Health Ethics, 6(2), 2013. Pp. 207-219.

* Using laptops during courses (students will have to discuss whether teachers should nudge against using laptops during course and how)

Mueller, P., and Daniel M. Oppenheimer, ‘The Pen Is Mightier Than the Keyboard: Advantages of Longhand Over Laptop Note Taking’, *Psychological Science* 25( 2014), pp. 1159-68.

Sana, F., T. Weston and N. Cepeda ‘Laptop multitasking hinders classroom learning for both users and nearby peers’ *Computers and Education*, 62 (2013) 24-31.

* Sin taxes

O'Donoghue, Ted, and Matthew Rabin. "Optimal sin taxes." Journal of Public Economics 90.10 (2006): 1825-1849.

* Peer effect and shaming

Duflo, Esther, and Emmanuel Saez. The role of information and social interactions in retirement plan decisions: Evidence from a randomized experiment. No. w8885. National Bureau of Economic Research, 2002.

* Cooling-off

Rekaiti, Pamaria, and Roger Van den Bergh. "Cooling-off periods in the consumer laws of the EC Member States. A comparative law and economics approach." Journal of Consumer Policy 23.4 (2000): 371-408.

* The nudges actually implemented by the insight team in the UK.

http://www.behaviouralinsights.co.uk/

* Nudging prosocial behavior

Kasperbauer, T.J. 2015. ‘Psychological Constraints on Egalitarianism: The Challenge of Just World Beliefs’

* Nudging at CEU: against procrastination, for eco-friendly behavior, and other sins that faculty, staff and\or students might commit.
1. **Liberal vs. democratic nudges**

Required readings

Moles, A. Nudging for Liberals 2015, *Social Theory and Practice*.

Heintz, C. Democratic nudge. Working paper.

1. **Freedom of speech**

Moles, A. . 2007 ‘Autonomy, Free Speech and Automatic Behaviour’*, Res Publica,* 13, 1, pp. 53-75.

Scanlon, T. ‘A Theory of Freedom of Expression’, *Philosophy and Public Affairs*, Vol. 1, No. 2. (Winter, 1972), pp. 204-226

Some conclusions on how to save the world.