

Contemporary Issues Science of Happiness

WEEK 3

Schwartz, B. (2005). The paradox of
Choice: Why more is less.

Ch. 3 & 4

Last week

- Hedonistic approach
- Eudaimonic approach

- Brickman and Campbell, (1971)
Hedonic Treadmill

- Dan Gilbert's talk on synthesizing happiness - relativity

Today's class

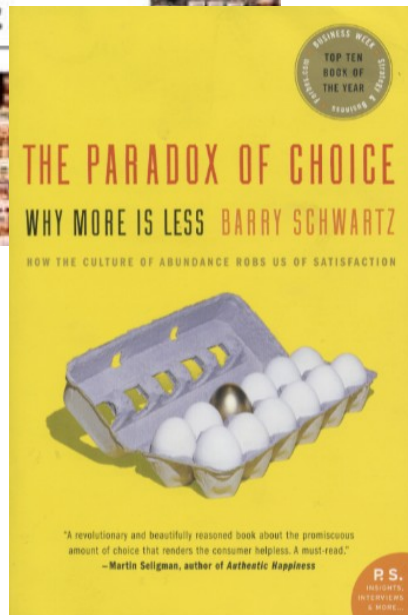
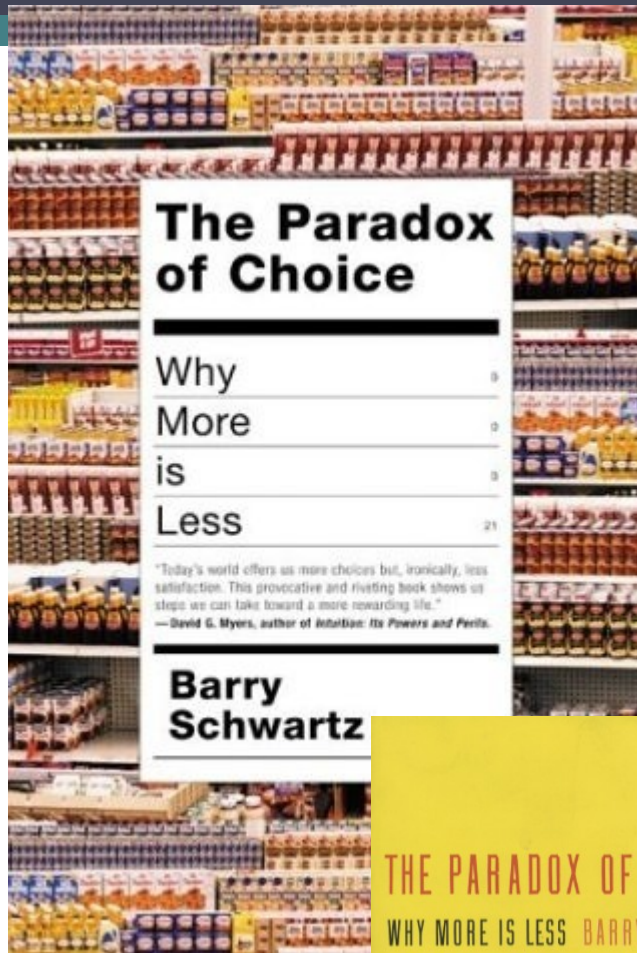
- 1/ experience vs. memory – D.Kahneman
- 2/ happiness and decision making

Cognition

- mental processes
 - Attention, remembering, producing and understanding language, solving problems, and making decisions
 - Term used in multiple fields (psychology, philosophy, linguistics, science and computer science)
 - In psychology & cognitive science
 - Information processing, individual's psychological functions
 - social psychology – attitudes, attributions, group dynamics.

Barry Schwartz

- (born 1946)
- Dorwin Cartwright (Group Dynamics) Professor of Social Theory and Social Action at [Swarthmore College](#)
- Psychology and Economics
- Decision Making, Creation of Values, Interaction of Morality and Self Interest, Work Satisfaction, Role of Ideology in Assessing, Psychological Theories, Basic Learning Processes



Deciding and Choosing

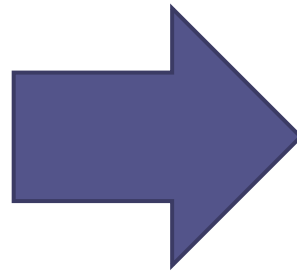
- Decision-making steps

Deciding and Choosing

- Decision-making steps
 - Goals
 - Evaluate
 - Array options
 - Meeting your goals
 - Pick the winner
 - Feedback

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Cognitive errors

Figure out the goals

Decision-making steps:

Goals

Evaluate

Array options

Meeting your goals

Pick the winner

Feedback

- WHAT DO YOU WANT?
- Utility – *measure of relative satisfaction*
- Utility of the experience – present, past, future

Figure out the goals

- WHAT DO YOU WANT?
- Utility – *measure of relative satisfaction*
- Utility of the experience – present, past, future
- **What we want? How we think it is going to make us feel? How does it make us feel? How do we remember it made us feel?**

Figure out the goals

- WHAT DO YOU WANT?
- Utility – *measure of relative satisfaction*
- Utility of the experience – present, past, future
- Video – cognitive traps - **D. Kahneman**
 - Complexity of the concept
 - Focusing illusion
 - Experience vs. memory

Evaluation

Decision-making steps:

Goals

Evaluate

Array options

Meeting your goals

Pick the winner

Feedback

- Ads???
- Internet???
- Quality and Quantity of information we gather
- Back to utilities – remembered, experienced, expected
- Experiencing vs. remembering self – impact

Anchoring & Framing

- Context of comparison
- Decision making and risk/ uncertainty
- “psychological accounts”

Example

- Imagine that you are a physician working in an Asian village, and six hundred people have come down with a life-threatening disease. Two possible treatments exist. If you choose treatment A, you will save exactly two hundred people. If you choose treatment B, there is a one-third chance that you will save all six hundred people, and a two-thirds chance that you will save no one. Which treatment do you choose, A or B?

Example

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**Majority of people
choose A**

Example

- You are a physician working in an Asian village, and six hundred people have come down with a life-threatening disease. Two possible treatments exist. If you choose treatment C, exactly four hundred people will die. If you choose treatment D, there is a one-third chance that no one will die, and a two-thirds chance that everyone will die. Which treatment do you choose, C or D?

Example

- You are a physician working in an Asian village, and six hundred people have come down with a life-threatening disease. Two possible treatments exist. If you choose treatment C, exactly four hundred people will die. If you choose treatment D, there is a one-third chance that no one will die, and a two-thirds chance that everyone will die. Which treatment do you choose, C or D?

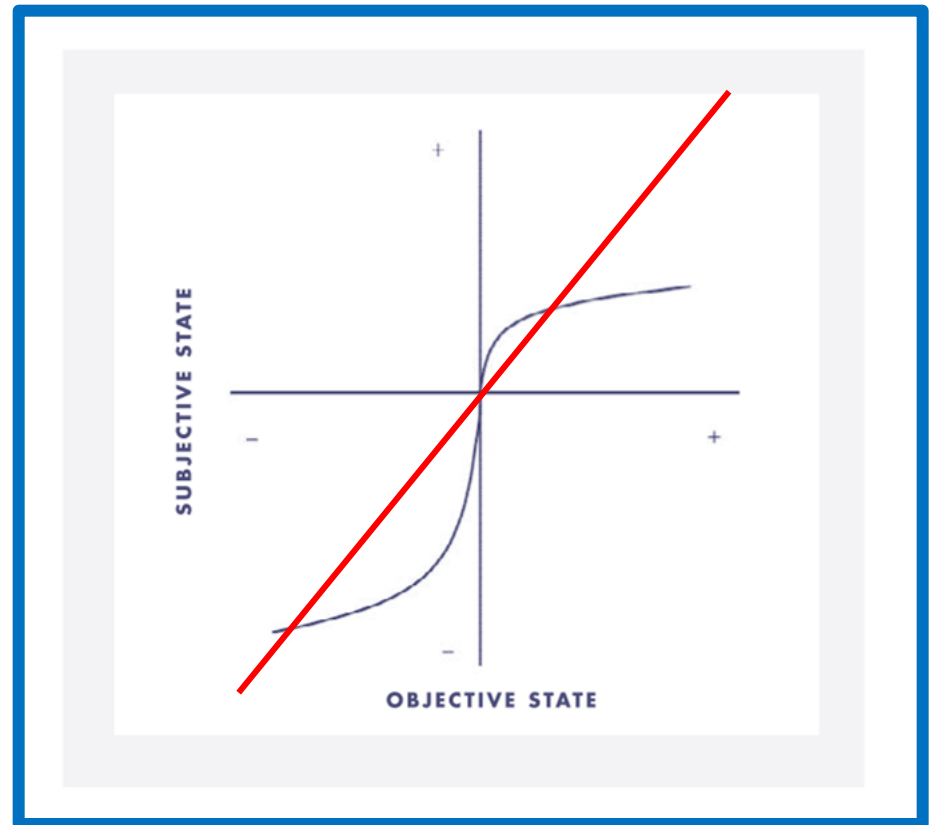
**Majority of people
choose D**

Example

- When making decisions among alternatives that involve certain amount of risk/ uncertainty
 - People prefer small sure gain to a larger, uncertain one
 - FRAMING PSYCHOLOGICAL ACCOUNTS – gain and losses

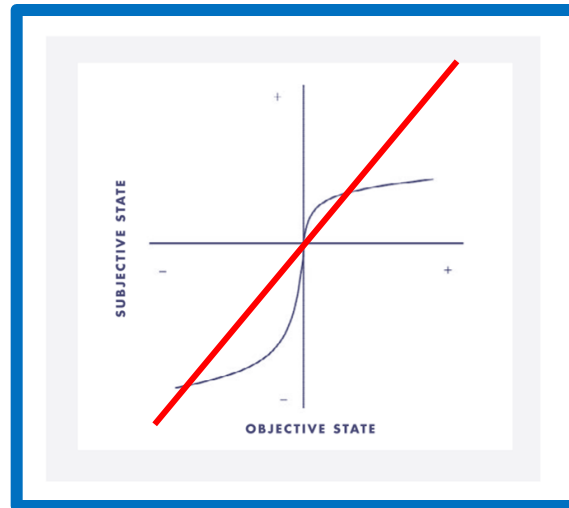
Kahneman & Tversky

- Prospect theory – constructing general explanations and evaluating options



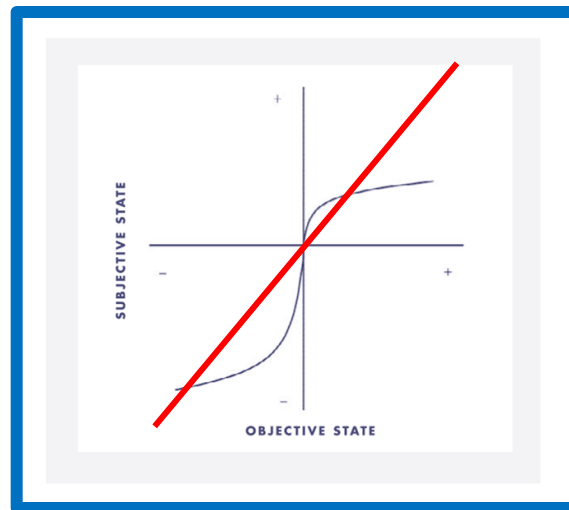
Kahneman & Tversky

- Prospect theory – constructing general explanations and evaluating options
- Law of diminishing marginal utility
 - As the rich gets richer, each additional unit of wealth satisfies them less
 - Risk aversion – when deciding among potential gains



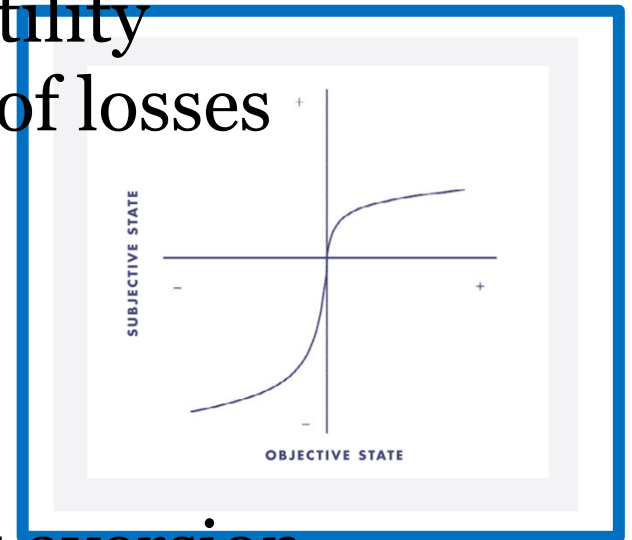
Kahneman & Tversky

- Prospect theory – constructing general explanations and evaluating options
- Decreasing marginal disutility of losses
 - Loosing first \$100 hurts more than loosing second \$100
- Risk seeking – taking the risk to perhaps avoid losing anything



Kahneman & Tversky

- Prospect theory – constructing general explanations and evaluating options
- Law of diminishing marginal utility
- Decreasing marginal disutility of losses
- Risk seeking/ Risk aversion
- **In Politics** – framing and loss aversion
- **Gambling** – loss aversion



Kahneman & Tversky

- Gain or loss – question of POINT ZERO – frame and prospect
- Point zero – can change
- Endowment effect – once something is given to you, it's yours – therefore trading it = loss

Decision making

- Maximizer
- Satisficer

Decision making

- Maximizer – the best, check all the options, certainty
- Satisficer – good enough, looking till finds good enough, follows criteria and standards
- Satisficing as maximizing strategy (cost/benefit ration)

Maximizers vs Satisficers

- 13 item survey
- E.g. Whenever I'm faced with a choice, I try to imagine what all the other possibilities are, even ones that aren't present at the moment
- I often find it difficult to shop for a gift for a friend
- When shopping, I have a hard time finding clothing that I really love
- ...

Maximizers vs Satisficers

- M – more product comparisons, , before and AFTER purchase

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Maximizers vs Satisficers

- M – more product comparisons, , before and AFTER purchase
- M- longer time to decide
- M – compare their own decisions to decision of others
- M – more likely to experience regret
- M – spend more time thinking about alternatives (hypothetical)
- M – generally less satisfied with their choices!!!

Maximizers vs Satisficers

- M – savod positive experiences less
- - do not cope well with negative outcomes
- - longer recovery from negative events
- - ruminate more

....overall...

Maximizers vs Satisficers

- M – avoid positive experiences less
- - do not cope well with negative outcomes
- - longer recovery from negative events
- - ruminate more

....overall...less satisfaction with life, less optimistic, more depressive symptoms

Maximizers vs Satisficers

- M – savor positive experiences less
- - do not cope well with negative outcomes
- - longer recovery from negative events
- - ruminate more

....overall...less satisfaction with life, less optimistic,
more depressive symptoms

...**however - not cause and effect
relationship – WHY CAN'T WE MAKE
THIS CONCLUSION?**

...correlational effect vs. causal

Is it all that bad?

- Objective vs. subjective criteria
- Which one matters?

- Maximizers- tend to do better when it comes to objective criteria (“better decisions”)

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- Objective vs. subjective criteria
- Which one matters?
- Subjective experience – related to the quality of the objective experience



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- Interchangeable – NO
- Qualitatively different – how?

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 - Difference in the expectations to meet high standards
 - P – don't expect to meet these expectations
 - M- do expect to meet these expectations
 - But they never do...P are actually more happy and less depressed

Is it all that bad?

- Objective vs. subjective criteria
- Subjective experience – related to the quality of the objective experience
- PLUS: Maximizing tend to be domain specific
 - We all may maximize in some areas...
 - Difference between M and S – in number of decision using one or another strategy

Why would anyone maximize?

- Lack of awareness
- Status
- Scarce/ very rare goods
- ...
- ...

Why would anyone maximize?

- Lack of awareness
- Status
- Scarce/ very rare goods
- ...
- ...
- Does choice create maximizers?
- How to study this?