

RMES: Behavioral Foundations of Public Policy (3 credits)

Instructor: Dr. Jiaying Zhao **E-mail:** jiaying.zhao@ubc.ca **Office:** AERL 437, CIRS 4341

(Time/place to be determined)

I. Course description and goals

What does psychology have to offer to future policy makers? How does behavioral science inform policy design? Decades of research suggest that successful policy depends on a thorough understanding of human behavior. This course explores how basic concepts in social and cognitive psychology, judgment and decision making, and behavioral economics can shape policy formation and implementation. This course covers a wide array of policy-relevant topics geared towards the applications of experimental findings and concepts emanating from behavioral research to the design and implementation of policy. Central themes include a detailed analysis of human judgment and decision making, and how a variety of motives and situational forces can affect people's choices and behavior. Combined, these topics have important implications for policy design that affects individuals as well as the functioning of the organizations that determine those policies.

This course is intended to expose people who are preparing a career in public service, business leaders, legal, ethical, and health professionals, as well as students interested in societal, domestic, and international challenges, to a perspective that can shed new light, generate novel ideas, and provide effective solutions. Each weekly seminar will involve an overview of the behavioral research, and in-depth discussions of the implications and the applications of the research for policy and management.

By the end of this course, all students should be able to do the following:

1. Critically evaluate current psychological research on policy issues
2. Identify several important policy questions to which a behavioral analysis can significantly contribute
3. Evaluate the validity of the behavioral assumptions of policy
4. Apply psychological perspectives and principles to policy design and implementation
5. Design a behavioral intervention to promote constructive and beneficial behavior

II. Course readings

Required:

Shafir, E. (2012). *The behavioral foundations of public policy*. Princeton University Press.

Kahneman, D. (2011). *Thinking fast and slow*. Farrar, Straus, and Giroux.

Recommended:

Sunstein, C. R. (2013). *Simpler*. Simon & Schuster.

Thaler, R. H., & Sunstein, C. R. (2009). *Nudge: Improving decisions about health, wealth, and happiness*. Penguin Books.

In addition, a list of articles is attached in the weekly course schedule.

III. Course requirements

Participation and discussion (10%)

All students in the class are expected to attend every seminar, to come to the seminar thoroughly prepared, and to participate actively in discussions and other course activities. One of the main goals of the course is to give the students the experience of applying the concepts and the research findings to policy issues. Every student is strongly encouraged to be alert to the relevance of the course material to current policy issues and to bring examples.

Writing assignment (40%)

Each student is required to write a paper using psychological insights to address a policy debate by drawing from readings and materials in class (e.g., heuristics and biases, prospect theory, mental accounting, inter-temporal choice, etc.). The paper should identify a topic within public policy which can be informed by behavioral insights. The topic can be (but is not limited to) policy issues on climate change, renewable energy, deforestation, geo-engineering, recycling, taxation, retirement savings, and welfare. The paper should try to discuss the controversies of existing policy, whether the behavioral assumptions of the policy are misguided, what are the cognitive and social barriers, how to access policy and the existing evidence, and finally what needs to be done to ensure the success of the current policy. The paper should be no more than 1000 words. The format is single-spaced with one-inch margins and 12-point font.

Research proposal on behavioral change (40%)

Each student is required to write a proposal outlining new ideas for a government or private non-profit strategy designed to bring about a change in behavior—presumably the reduction of harmful behavior and/or the promotion of more constructive and beneficial behavior. The proposal should draw on psychological insights and principles covered in class (e.g., how features of the situation or context influence behavior). The proposal should contain a critical evaluation of past literature and a few policy examples designed to change behavior—what did they get right, and what did they overlook? The proposal should focus on one specific topic or issue to be changed, and provide an analysis of the cognitive and social processes relevant to the topic. More importantly, the proposal should outline how you would design a behavioral intervention to instigate change, and explain why you choose to do it this way. Predictions and expected results should also be described. The proposal should be no more than 1000 words. The format is single-spaced with one-inch margins and 12-point font.

Proposal presentation (10%)

In the last class, there will be an oral presentation of the research proposal. Every student should present his/her proposal in class, and other students are expected to ask questions and provide feedback. This gives every student the opportunity to showcase his/her proposal to the class, and obtain valuable suggestions from peers and faculty.

IV. Course schedule and reading lists

Week 1 - Empirical foundations of a behavioral approach

Ross, L. & Nisbett, R. (1991). The person and the situation. Selections from Chapter 1 (pp. 1-17) and Chapter 8 (204-227). New York: McGraw-Hill.

Datta, S. & Mullainathan, S. (November 2012). Behavioral design: A new approach to development policy. Center for Global Development, Policy Paper 16.

Glennester, R., & Takavarasha, K. (2013). Running randomized evaluations: A practical guide. Chapter 2, Modules 3 & 4.

Shafir, E. (2012). The behavioral foundations of public policy. Chapter 5.

Week 2 - Bounded rationality I: Self-control, System 1 vs. System 2, heuristics and biases

Kahneman, D. (2010). Thinking fast and slow. Chapters 1-5, 8, and 10-15 (except 13).

Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. *Science*, 185, 1124-1131.

Thaler, R. H., & Sunstein, C. R. (2009). *Nudge*. Chapter 2.

Sunstein, C. (2013). *Simpler*. Chapter 2.

Week 3 - Bounded Rationality II: Prospect theory

Kahneman, D. (2010). Thinking fast and slow, Chapters 25-29 (inclusive).

Shafir, E. (2012). The behavioral foundations of public policy. Chapters 12-13, and 23.

Camerer, C. (2000). Prospect theory in the wild: Evidence from the field. In D. Kahneman & A. Tversky (Eds.), *Choices, values, and frames*, Chapter 16 (pp. 288-300).

Thaler, R. (1999). Mental accounting matters. *Journal of Behavioral Decision Making*, 12, 183-206.

Week 4 - Behavioral change

Shafir, E. (2012). The behavioral foundations of public policy. Chapters 4, 5, 17-19.

Wilson, T. D. (2006). The Power of Social Psychological Interventions. *Science*, 313, 1251-1252.

Kerr, S. (1995). On the folly of rewarding A while hoping for B. *Academy of Management Executive*, 9, 7-14.

Schultz, P. W., Nolan, J. M., Cialdini, R. B., Goldstein, N. J., & Griskevicius, V. (2007). The constructive, destructive, and reconstructive power of social norms. *Psychological science*, 18, 429-434.

Allcott, H., & Rogers, T. (in press). The short-run and long-run effects of behavioral interventions: Experimental evidence from energy conservation. *American Economic Review*.

Bryan, C., Walton, G., Rogers, T., & Dweck, C. (2011). Motivating voter turnout by invoking the self. *Proceedings of the National Academy of Sciences*, 108, 12653-12657.

Week 5 - Exploiting human biases to design better policies

Shafir, E. (2012). *The behavioral foundations of public policy*. Chapters 21-25.

Sunstein, C. (2013). *Simpler*. Chapters 5, 7, 10.

Kahneman, D. (2010). *Thinking fast and slow*, Chapter 13.

Week 6 – Discussion of the writing assignment

<http://www.ideas42.org/beta-tactics-to-define-a-problem>

<http://www.ideas42.org/beta-being-wrong>

<http://www.ideas42.org/beta-the-art-and-science-of-reminders>

<http://www.ideas42.org/using-behavioral-economics-for-product-design>

Week 7 - Spring break, no classes

Week 8 - Moral decision making and pro-social behavior (writing assignment due)

Kahneman, D., & Sunstein, C. (2005). Cognitive psychology of moral intuitions. In Changeux, J.-P., Damasio, A.R., Singer, W., & Christen, Y. (Eds.). *Neurobiology of Human Values* (pp. 91-107). Springer-Verlag Berlin.

Atran, S., Axelrod, R., & Davis, R (2008). Sacred barriers to conflict resolution. *Science*, Vol. 317, No. 5841., pp. 1039-1040.

Rand, D. G., Greene, J. D., Nowak, M. A. (2012) Spontaneous giving and calculated greed. *Nature*, 489, 427–430.

Dunn, E. W., Aknin, L. B., & Norton, M. I. (2008). Spending money on others promotes happiness. *Science*, 319, 1687-1688.

Week 9 - Group dynamics

Shafir, E. (Ed.). (2012). *The behavioral foundations of public policy*. Chapters 4-5.

Prentice, D. A. (2012). The psychology of social norms and the promotion of human rights. In R. Goodman, D. Jinks, & A. K. Woods (Eds.), *Understanding social action, promoting human rights* (pp. 22-46). New York: Oxford University Press.

Paluck, E. L., & Shepherd, H. (2012). The salience of social referents: A field experiment on collective norms and harassment behavior in a school social network. *Journal of Personality and Social Psychology*, 103, p. 899-915.

Bond, R. M., Fariss, C. J., Jones, J. J., Kramer, A. D., Marlow, C., Settle, J. E., & Fowler, J. H. (2012). A 61-million-person experiment in social influence and political mobilization. *Nature*, 489(7415), 295-298.

Week 10 - Poverty and inequality

Mani, A., Mullainathan, S., Shafir, E., & Zhao, J. (2013). Poverty impedes cognitive function. *Science*, 341, 976-980.

Hall, C. C., Zhao, J., & Shafir, E. (2014). Self-affirmation among the poor: Cognitive and behavioral implications. *Psychological Science*, 25, 619-625.

Shah, A., Mullainathan, S., & Shafir, E. 2012. Some consequences of having too little. *Science*, 338, no. 6107, pp. 682-685.

Mullainathan, S., & Shafir, E. (2009). Savings Policy & Decision-Making in Low-Income Households. In Michael Barr and Rebecca Blank (Eds.), *Insufficient Funds: Savings, Assets, Credit and Banking Among Low-Income Households*. Russell Sage Foundation Press (pp. 121-145).

Barr, M.S., Mullainathan, S., & Shafir, E. (2008). Behaviorally Informed Financial Services Regulation. New America Foundation White Paper.

Oishi S., Kesebir, S., & Diener, E. (2011). Income inequality and happiness. *Psychological Science*, 22, 1095-1100.

Week 11 - Income and savings policy

Thaler, R. H., & Sunstein, C. R. (2009). *Nudge*. Chapters 6-9.

Shafir, E. (2012). The behavioral foundations of public policy. Chapter 14, 26, 27.

Sunstein, C. (2013). *Simpler*. Chapters 8-9.

Bryan, C. J., & Hershfield, H. E. (2012). You owe it to yourself: Boosting retirement saving with a responsibility-based appeal. *Journal of Experimental Psychology: General*, 141, 429-432.

Week 12 - Happiness and well-being (research proposal due)

Kahneman, D. (2010). *Thinking fast and slow*, Chapters 35-38 (inclusive).

Gilbert, D. T., Lieberman, M. D., Morewedge, C. K., & Wilson, T. D. (2004). The peculiar longevity of things not so bad. *Psychological Science*, 15, 14-19.

Killingsworth, M. A., & Gilbert, D. T. (2010). A wandering mind is an unhappy mind. *Science*, 330, 932.

Gilbert, D. T., & Wilson, T. D. (2007). Propection: Experiencing the future. *Science*, 317, 1351-1354.

Wilson, T. D. & Gilbert, D. T. (2005). Affective forecasting: Knowing what to want. *Current Directions in Psychological Science*, 14, 131-134.

Helliwell, J. F. (2011). How can subjective well-being be improved? In F. Gorbet & A. Sharpe, eds., *New Directions for Intelligent Government in Canada*, Ottawa: Centre for the Study of Living Standards (pp. 283-304).

Bonikowska, A., Helliwell, J. F., Hou, F., & Schellenberg, G. (2013). An assessment of life satisfaction on recent statistics Canada surveys. *Social Indicators Research*.

Week 13 - Proposal presentation

In-class presentations of research proposals on behavioral change.

V. Course policies

Attendance and class participation

Active learning is a critical component of a graduate-level class. You are highly encouraged to participate in discussions in class. You should read the assigned articles before class. Lecture slides will be posted online. Please note that the slides are only for the purpose of learning in this course and must not be distributed outside the course for any other reason. The use of laptops is permitted but should be limited to course-related work only (e.g., note-taking, presentations).

Students who neglect their academic work and assignments may be excluded from the course. Students who are unavoidably absent because of illness or disability should report to their instructors as soon as they are able. The University accommodates students with disabilities who have registered with the Disability Resource Centre. The University accommodates students whose religious obligations conflict with attendance, submitting assignments, or completing scheduled assignments. Please let Dr. Zhao know in advance, preferably in the first week of class, if you will require any accommodation on these grounds.

Course schedule or reading changes

There may be minor changes to the course schedule and the required readings during the term. You will be notified of these changes ASAP and no changes will be instituted that dramatically affect your ability to complete an assignment. In the event that a better article comes along that would enhance your experience in the course, it may be added in or substituted with an article that is currently on the course schedule. In the event that this occurs, ample notice will be given to allow you to adjust accordingly.

Assignment policy

For the two writing assignments, you should attend the class (as usual) and submit the assignment before the deadline. If you are unable to submit your assignment on time, you must email Dr. Zhao at least 24 hours before the deadline. Our expectation is that this will be a rare event. Assignments submitted within 24 hours of the deadline will be penalized 20%. Assignments submitted more than 24 hours after the deadline will not be accepted. No exception will be made, unless you have a medical emergency. In this case, you must provide Dr. Zhao with a valid doctor's note (which will be verified with your medical doctor).

Academic misconduct

Please review the UBC Academic regulations for the university policy on cheating, plagiarism, and other forms of academic dishonesty. Students should retain a copy of all submitted assignments and should also retain all their marked assignments in case they wish to apply for a Review of Assigned Standing. Students have the right to view their marked examinations with their instructor, providing they apply to do so within a month of receiving their final grades. This review is for pedagogic purposes. The examination remains the property of the university.