

Proposal for 2006 Russell Ackoff Doctoral Student Awards
for Research on Human Decision Processes and Risk Management

Marianne Promberger
Dept of Psychology
University of Pennsylvania
3720 Walnut St
Philadelphia, PA 19104
mpromber@psych.upenn.edu

Advisor: Jonathan Baron
baron@psych.upenn.edu

"Public policy and changing preferences"

1. Project summary:

According to preference utilitarianism, good public policy maximises utility as measured by people's preferences. However, preferences are not stable over time. In fact, public policy itself may cause a change in preferences. This can pose the following problems: We pick a policy that maximises utility according to present preferences, but then preferences change in a way that causes utility to drop to a lower level, according to the now changed preferences. Two policies are actually equally good when we measure them not by current preferences but by the future preferences they are likely to effect, but we think about them in terms of current preferences and waste resources on choosing between them. In addition, different preferences may not be equally good from a normative perspective, if we assume that they have externalities on how well other preferences can be fulfilled. In that case, these externalities should be taken into account and the best policy is the one that maximises utility by partly by encouraging preferences with positive externalities.

This project consists of a series of experiments examining how people think about changing preferences, about the externalities of preferences, and about possible prescriptive models that could help incorporate the changing nature of preferences and externalities into decisions about public policy. The following describes the research plan as it stands now. The first experiment is about to be conducted in the following days, and its outcome will influence the subsequent research in addition to the ideas given below.

Changing preferences in general: In the first experiment, we will present subjects with different policy proposals that are likely to influence preferences. Subjects will rate the proposals on a "good for all" and on a "good according to own values" dimension. We will ask subjects whether they think preferences may change. We will then tell subjects that preferences have changed, and see whether their policy rating is sensitive to this change. We will include policies that are likely to elicit moral or moralistic thinking and ones that are unlikely to do so. We will see how this influences subjects' answers. Depending on the results, the questions addressed in this experiment will be further investigated in subsequent experiments.

Externalities of preferences: We will examine whether subjects consider preferences to have externalities on other preferences, and in general, how they think about a network of preferences. Do subjects consider that the fulfilment of one preference can enhance or hinder the fulfilment of another preference? Do they consider

that one preference may influence what other preferences are held? And finally, given those interactions, do they think that some preferences are more important than others, and if so, how do they decide about this? An important point here is the distinction between fundamental values and means values, but there may be others (fads vs long-held preferences, or some notion of ego-syntonic vs ego-dystonic preferences, which can also be thought of as number of nodes in a network of preferences.

Some preferences and values may be seen as absolute values without trade-offs. This may especially be the case for preferences that we can think of as having a normatively correct special role as more important preferences, which is then extended in a non-normative way to be insensitive to quantity and trade-offs. Liberty and autonomy are values that are likely to elicit this effect, and we will examine how subjects think about them along those lines.

2. Advisor/ primary faculty member collaborating on this project:
Jonathan Baron

3. Signed by Jonathan Baron: _____

4. Detailed budget describing the anticipated expenses:

Subject payment for 4-5 experiments: Roughly 80 subjects per experiment; subjects are paid 3-5 USD per experiment: Therefore, we estimate a minimum of 960 USD, possibly 1,600 USD to pay subjects.

In addition, I would like to submit the results for presentation at the next annual JDM conference, resulting in estimated travel expenses of roughly 500 USD.

5. Description of other current sources of research and travel funding from your department.

Jon Baron has two grants, neither one is for this purpose.