



Herbert Simon Society

Fourth International Workshop

BEHAVIORAL ECONOMICS NUDGES AND HEURISTICS FOR PUBLIC POLICIES

Turin, 15th October 2016

Campus Luigi Einaudi

Lungo Dora Siena 100 – Torino

In collaboration with



and with

**International MAPS - Master in Public Policy and Social Change and
CPS Department of Cultures, Politics and Society
Collegio Carlo Alberto, University of Turin**

With the support of



Registration in the Main Hall from 8.30 a.m.

Plenary Sessions Room D3
Parallel Sessions Rooms D3 - F1 – F5

PROGRAMME

9.15 a.m. ROOM D3 FIRST PLENARY SESSION INTRODUCTION

Pietro Terna President, Collegio Carlo Alberto, Turin
Riccardo Viale General Secretary, Herbert Simon Society, Università degli Studi di Milano - Bicocca
Chairman: **Francesco Ramella** CPS Department, Università di Torino

9.30 a.m. *What Heuristics for Public Policies*

Keynote speech: **Gerd Gigerenzer**

Max Planck Institute for Human Development, Berlin and President, International Herbert Simon Society

10.15 a.m. Discussion

10.30 a.m. – 1.15 p.m. Parallel Sessions with Selected Papers ROOMS D3 - F1 – F5

10.30 a.m. ROOM D3 – BOUNDED RATIONALITY

10.30 a.m. *A Roadmap from Full to Bounded Rationality*

Mousavi Shabnam Johns Hopkins Univ. Baltimore, Max Planck Institute for Human Development, Berlin

10.50 a.m. Discussion

11.00 a.m. *Image and policy: why different representational strategies matter*

Jan Gerrit Schuurmann Max Planck Institute for Human Development, Berlin

11.20 a.m. Discussion

11.30 a.m. – 11.45 a.m. Coffee Break - Hallway D4

11.45 a.m. *Simon's Legacy on Bounded Rationality: Opportunities for a Neuroscience-Based Shared Research Agenda*

Duccio Martelli Department of Economics, University of Perugia

12.05 a.m. Discussion

12.15 a.m. *A taxonomy of learning dynamics in 2 X 2 games*

Marco Pangallo Institute for New Economic Thinking, Oxford Martin School, Univ. of Oxford, UK

12.35 a.m. Discussion

12.45 a.m.

The Approach of Quantum Cognition to Modeling Classical Rationality Violation

Franco Vaio PhD in Anthropology and Epistemology of Complexity, University of Bergamo

1.05 p.m. Discussion

10.30 a.m. ROOM F1 – IMPROVING DECISION

10.30 a.m. *Information Representations to Boost Statistical Literacy*

Michelle McDowell Max Planck Institute for Human Development,
Center for Adaptive Behavior and Cognition, Berlin

10.50 a.m. Discussion

11.00 a.m. *Boosting decisions with fast and frugal trees*

Mirjam Jenny Harding Center for Risk Literacy, Max Planck Institute for Human Development, Berlin

11.20 a.m. Discussion

11.30 a.m. – 11.45 a.m. Coffee Break - Hallway D4

11.45 a.m. *Mis-Judging Merit: The Effects of Adjudication Errors in Contests*

Luca Stanca Dept. of Economics Management and Statistics, University of Milan-Bicocca

12.05 a.m. Discussion

12.15 a.m. *The anchor that makes you safe cannot help much. Heuristics of information search and communication in an online forum of investors under market uncertainty*

Manuela Testa Department of Economics and Management, University of Brescia
12.35 a.m. Discussion

12.45 a.m. *A behavioural principal-agent theory to study corruption and tax evasion*

Luca Di Donato PhD Candidate at LUISS Guido Carli University, Rome
1.05 p.m. Discussion

10.30 a.m. ROOM F5 – NUDGE IN THE FIELD

10.30 a.m. *Nudge of shared information responsibilities: a meso-economic perspective of the Italian consumer credit reform*

Umberto Filotto Università di Tor Vergata, Rome
Caterina Lucarelli Università Politecnica delle Marche, Ancona
10.50 a.m. Discussion

11.00 a.m. *Using social norms and pre-populated forms to improve tax collection in Manises*
Quique Belenguier Managing Director of mints&brains, Valencia, ESIC Business School, Valencia
11.20 a.m. Discussion

11.30 a.m. – 11.45 a.m. Coffee Break - Hallway D4

11.45 a.m. *Improving the Accuracy of Self-declarations: A Natural Field Experiment*

Luigi Mittone Director CEEL and School of Social Sciences, University of Trento
12.05 a.m. Discussion

12.15 a.m. *Price dispersion and consumer inattention: evidence from the market of bank accounts*

Nicola Branzoli Financial stability Directorate, Bank of Italy
12.35 a.m. Discussion

12.45 a.m. *Reputational effects and perceived value of “Smart Heuristics” VS Normative advisors’ recommendations*

Davide Pietroni Dept. of Neurosciences, Imaging and Clinical Sciences – University of Chieti-Pescara
Sibylla Verdi Hugues University of Padua, CLA
1.05 p.m. Discussion

1.15 p.m. – 2.00 p.m. Light Lunch - Hallway D4

2.00 p.m. ROOM D3 SECOND PLENARY SESSION

“Duality of Mind and the Libertarian Paternalism” Keynote Speech: **Riccardo Viale**
General Secretary, Herbert Simon Society, Università degli Studi di Milano - Bicocca
2.20 p.m. Discussion

2.30 p.m. *Applying behavioural insights to regulated markets*

Elisabeth Costa BIT, Behavioural Insights Team, London
2.50 p.m. Discussion

3.00 p.m. *Trustlab - Crosss – Country Comparable Data on Trust and other social Norms*

Fabrice Murtin OECD, Paris
3.20 p.m. Discussion

3.30 p.m. – 6.15 p.m. Parallel Sessions with Selected Papers ROOMS F1 – F5

3.30 p.m. ROOM F1 – NUDGE AND EXPERIMENTS

3.30 p.m. *Framing Effects in Intertemporal Choice: A Nudge Experiment*

Valeria Faralla DIGSPES Dept. Università del Piemonte Orientale Amedeo Avogadro, Alessandria
3.50 Discussion

4.00 p.m. *Nudge and well-being: a gentle push to promote people's well-being in the Italian context*
Francesco Pozzi IULM University and IESCUM, Milan
4.20 Discussion

4.30 p.m. – 4.45 p.m. Coffee break - Hallway D4

4.45 p.m. *Nudging for increased participation: competitive public good games*
Giacomo Sillari LUISS Guido Carli, Rome
5.05 Discussion

5.15 p.m. *An experimental study on the impact of social mood on business strategies*
Linda Alengoz Dept. of Economics and Management, University of Brescia
5.35 p.m. Discussion

5.45 p.m.

On the impact of technology based-monitoring on workers' behaviors: Experimental investigation
Peguy Ndodjang University of Montpellier- LAMETA
6.05 p.m. Discussion

3.30 p.m. ROOM F5 – NUDGE AND RATIONALITY

3.30 p.m. *Nudging towards satisficing?*
Barbara Fasolo Dept. of Management, London School of Economics and Political Science, London
Raffaella Misuraca University of Palermo
3.50 p.m. Discussion

4.00 p.m. *A relevance-oriented rationality and the interpretative function of language and thought:
The case of the nudge*
Laura Macchi University of Milano, Bicocca
4.20 p.m. Discussion

4.30 p.m. – 4.45 p.m. Coffee break - Hallway D4

4.45 p.m. *An Ecology of Nudges*
Antonio Mastrogiorgio Dept. of Neurosciences, Imaging and Clinical Sciences, Univ. of Chieti-Pescara
5.05 p.m. Discussion

6.15 p.m. ROOM D3 THIRD PLENARY SESSION

“Nudge or Boost?” Keynote Speech: **Ralph Hertwig**
Max Planck Institute for Human Development, Berlin
6.35 p.m. Discussion

6.45 p.m.

2016 Herbert Simon Society Grant Assignments for the best junior researcher extended abstracts
Massimo Egidi Vice President, Herbert Simon Society and LUISS, Rome

7.00 p.m. Conclusions

Massimo Egidi Vice President, Herbert Simon Society and LUISS, Rome

Governments rarely rely on behavioural sciences to formulate their regulation activity. Rarely they have been employed to finalize the rules as a “law making” method or as an appropriate instrument to be used to build a favourable context for citizen’s choices. That has always been under the unlimited control of the jurisprudence in addition to a more recently strong collaboration with the economics and the administrative science. The President Obama, has marked an innovative discontinuity (with the simultaneous British Prime Minister Cameron). He issued some Executive Orders in which the Federal Agencies were invited to take in consideration the behavioral sciences researches and discoveries to improve the citizens’ well being. Obama doesn’t refer exclusively to the Nudge theory of Thaler and Sunstein (2008), but to the behavioural sciences in general in their several possible applications. Many governments have adopted a behavioral approach similar to the Nudge with frequent positive results, both in Europe (UK, Denmark, German) and overseas (United States, Australia, Canada, Singapore) in different public policies fields, such as taxation, environment, education, health and finance.

An intervention is classified as a *nudge* when it is not a coercive measure, retains freedom of choice, is based on automatic and reflex responses, does not involve methods of direct persuasion, does not significantly alter economic incentives, and does not revise the context of choice according to the discoveries of behavioural economics. What is proposed is therefore a form of *libertarian paternalism* that has a dual valence. As *paternalism*, it aims to make up for citizens’ irrational and self-harming tendencies by “gently nudging them” to decide rationally for their own good. In its *libertarian* form it aims to give the last word to the outcome of the conscious and deliberative processes of the individual citizen who can always choose to resist the *nudge*. Some crucial problems emerge from this particular choice architecture. First, what rationality (formal, bounded, ecological) model is used by “nudgers” to intervene in the choices made by citizens. Second, there is the question of which phase of the citizens’ decision-making process to intervene in, namely what sort of paternalism to adopt.

Many are the approaches and the critics that go beyond the Nudge theory. There is, for example, a general tendency to employ the behavioral approach inside the regulation. Oliver’s Budge theory (Behavioural Economics Informed Regulation) goes on to oppose the potential damages of the products in different fields like tobacco, alcohol, feeding, informatics, telecommunications, etc through behavioral expedients.

It is shown that Nudge can cause a boomerang effect, negative and opposite to the intention of the choice architects (Dodge).

There is also a disapproval towards Nudge for its tendency to become a Fudge in its double meaning: on one hand, as a low-cost solution, easily joinable, which policy makers can immediately employ and exploit and, on the other hand, as a dangerous and misleading solution, overdoing the human rationality limits and risking the personal freedom of making aware choices.

Finally, there is an approach that prefers to employ education instruments, debiasing and citizen’s awareness to make choices, using the tool – box of heuristics ecologically rational in an environmental context.

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