

JUDGMENT / DECISION MAKING

ABOUT THE 1990 MEETING. . .

The next annual J/DM Meeting will be November 18-19, 1990 in New Orleans. Be sure to plan to attend. Watch the *J/DM Newsletter* for information.

Contact: Reid Hastie, Center for Research on Judgment and Policy, University of Colorado, Boulder, CO 80309-0344. (303) 492-8122. rhastie@CLIPR.COLORADO.EDU

1990 J/DM MEETING – POSTER SESSION. . .

SUBMISSION DEADLINE: AUGUST 1, 1990

This year we will repeat the successful Sunday evening poster session. Presentations on all aspects of Judgment and Decision Making are welcome. At least one of the authors of each poster presentation must be a member of the Society. The required application form is included with this issue of the *J/DM Newsletter* (see p. 11). The deadline for receipt of applications is August 1, 1990. Program Committee members are: Reid Hastie, George Lowenstein, and Frank Yates.

CONTRIBUTIONS NEEDED. . .

The success of the *J/DM Newsletter* depends upon contributions from our members. For the last few months, contributions have been a bit slim. For several years we have been able to publish six (sometimes five) issues a year. Frequent (and thick) issues dealing with matters of substantive interest to J/DMers can be published only if you offer something for us to print. We want to thank all those who have contributed to the *J/DM Newsletter*, but would like to encourage others to join them.

CONTENTS

From the Editor	2
From the President's Desk	3
Positions Available	3
Instability of Preferences: A Case Report	4
Reprints Available	5
Forthcoming Meeting – SPUDM-13	6
J/DM T-Shirts (Act Soon!)	6
Recent Philosophical Literature	7
Forthcoming Meeting – FACET Theory	8
Recent Developments in the Psychology of Judgment and Decision Making	9
New Book	10
Poster Presentation Application	11

NEWSLETTER

Vol. IX

Number 2

JUNE 1990

SUBMISSION DEADLINE FOR THE NEXT J/DM NEWSLETTER: JULY 20, 1990

SOCIETY FOR JUDGMENT AND DECISION MAKING

EXECUTIVE BOARD

Lola Lopes, *Chairperson*
 Baruch Fischhoff, *Chairperson-Elect*
 Robyn Dawes, *Past-Chairperson*
 Daniel Kahneman, *1990-92*
 Paul Slovic, *1988-90*
 Thomas S. Wallsten, *1989-91*
 Gary McClelland, *Secretary/Treasurer*
 N. John Castellan, Jr., *Newsletter Editor*

J/DM NEWSLETTER

Editor:

N. John Castellan, Jr.
 Department of Psychology
 Indiana University
 Bloomington, Indiana 47405

(812) 855-4261

BITNET: castellan@IUBACS
 INTERNET:

castellan@gold.ucs.indiana.edu

Dues, Addresses & Corrections:

Gary McClelland
 Center for Research on Judgment and
 Policy
 Institute of Cognitive Science
 Campus Box 344
 University of Colorado
 Boulder, Colorado 80309-0344

(303) 492-8122

BITNET: mcclella@COLORADO
 INTERNET:

gmcclella@clipr.colorado.edu

FROM THE EDITOR. . .

The J/DM Newsletter welcomes submissions from individuals and groups. However, we do not publish substantive papers. Book reviews will be published. If you are interested in reviewing books and related materials, please write to the editor.

There are few ground rules for submissions. In order to make the cost of the J/DM Newsletter as low as possible, please submit camera-ready copy. This means that the copy should be typed single-spaced on white 8½ by 11 paper. If possible, use a carbon or film ribbon. Please mail flat -- do not fold. A better alternative is to submit your contribution via EMAIL.

Subscriptions: Subscriptions are available on a calendar year basis only. Requests for information concerning membership in the Society for Judgment and Decision Making should be sent to Gary McClelland.

Address correction: Please check your mailing label carefully. Because the J/DM Newsletter is usually sent by bulk mail, copies with incorrect addresses or

which are otherwise undeliverable are neither forwarded nor returned. Therefore, we have no way of knowing if copies are delivered. Address changes or corrections should be sent to Gary McClelland.

Mailing Labels: Some readers may wish to send reprint lists or other material to people listed in the directory. Contact Gary McClelland for details.

Electronic Mail: The editor may be reached through BITNET at "castellan@IUBACS." [Some users may find it either necessary (or more convenient) to address the editor using only the first 8 characters (castella).] BITNET addresses also can be reached from most of the university and research networks.

J/DM Electronic Mail Directory: The Society maintains an EMAIL directory. To add your name to the J/DM Electronic Mail Directory (or to receive a copy of the electronic directory) contact Gary McClelland.

FROM THE PRESIDENT'S DESK . . .

Another year gone by (almost) with all the usual end-of-term things to be done. I received several interesting responses to my contribution to the last J/DM Newsletter and intend to summarize them and add a few more thoughts for the next issue.

At the moment, however, the most major event on my agenda is a move to the University of Iowa. I will be joining the Department of Management and Organizations in the College of Business Administration as the Pomerantz Professor of Business Administration. My new faculty colleagues at Iowa will include J/DM members Ed Conlon, Jay Christensen-Szalanski, Gary Gaeth, Irwin Levin, Gerry Rose, and Al Schepanski. Gregg (Oden, my husband) will be joining the Department of Psychology and the Department of Computer Science with teaching responsibilities in both departments. We are both looking forward to the move with great enthusiasm even though we will miss our good friends at Wisconsin. There is also a little trepidation mixed in since each of us will be preparing brand new courses. Change, however, is invigorating particularly after 16 (and 17) years in the same department! In the meantime, you can write me at either Iowa or Wisconsin.

Telephone calls and email should come to Wisconsin until mid-August.

Whether you are conference bound or vacation bound or staying at home for the summer, I wish you all the best.

Best regards,
Lola Lopes, Psychology,
University of Wisconsin, Madison, WI 53706
(608) 262-1040;
lopes@VMS.MACC.WISC.EDU

CLINICAL DECISION MAKING FACULTY POSITIONS

Several faculty positions in the Clinical Decisions Making Program, Department of Family Medicine, University of Oklahoma Health Sciences Center will become available July 1, 1990. Starting date is negotiable. The ideal candidates are board-certified family physicians with research experience in clinical decision analysis, health policy analysis, or medical informatics. A strong background in biostatistics and/or Epidemiology is also desirable. The successful candidates will be expected to engage in research, teaching and clinical activities. The Clinical Decision Making Program currently has two full-time faculty members (with research interests in medical practice variation, decision analytic methodology and behavioral decision making), and excellent computer resources (including a number of decision analysis software packages). To apply, send curriculum vitae to Frank Lawler, M.D., 800 N.E. 15th St., #503, Oklahoma City, OK 73104. The University of Oklahoma Health Sciences Center is an Equal Opportunity Employer.

Instability of Preferences over Time in a Utility Assessment: A Case Report

The patient was an impoverished physician, with an unsatisfactory home life, who saw little promise of an improvement in his situation. We denote his current position as *c*.

The decision analyst elicited anchor points for a reference gamble. The patient indicated that his best outcome (denoted *b*) would be fame, fortune, and the love of the most beautiful woman in the world; this was assigned a utility of 1.0. The worst outcome (denoted *w*) would be eternal damnation, assigned a utility of 0.

The utility of *c* was then computed using two methods – the standard gamble probability (SGP) and the time trade-off (TTO). A discount rate was then computed.

Results

The patient indicated that he was indifferent to a lottery between the combination (30 years in *b*, and the remainder of eternity in *w*), and *c* as a sure thing. The time in *b* was increased to 30.1 years, and the patient accepted the lottery at time *t*.

Upon follow-up at time $t + 30.1$, the patient indicated regret for his prior decision, and took the decision analyst to court in an effort to alter it.

Discussion

This case presents several methodological issues:

- Was the proper discount rate used?
- Can patients properly visualize and comprehend future health states?
- Were all relevant outcomes included, particularly those in the far future?
- How does one deal with changing preferences over time?
- How can a patient be compelled to abide by prior decisions? Are these legally binding?
- How does one deal with states after death?

The case of Dr. Faustus clearly leaves us with a dilemma – what is a poor devil of a decision analyst to do?

- Case discussed with Professor Mephistopheles, as communicated by J/DMer Raisa B. Deber.

Center for Research on Judgment and Policy
University of Colorado

The following recent publications are available from the Center for Research on Judgment and Policy. The first three reprints are free; each additional reprint is \$1.00. If you wish to have the articles sent by First Class Mail, the cost will be \$1.50 for each additional paper. Please make checks payable to the University of Colorado.

306 Wasserman, D., Lempert, R. O., & Hastie, R. (in press). Hindsight and causality. *Personality and Social Psychology Bulletin*.

305 Nickerson, C. A. (in press). The attitude/behavior discrepancy as a methodological artifact: Comment on Kegeles, Adler, and Irwin, "Sexually active adolescents and condoms." *Journal of Mathematical Psychology*.

304 McClelland, G. H., & Schulze, W. D. (in press). The disparity between willingness-to-pay and willingness-to-accept as a framing effect. In D. R. Brown & J. E. K. Smith (Eds.), *Frontiers in mathematical psychology*. New York: Springer-Verlag.

302 Hammond, K. R., Harvey, L. O., Jr., Lusk, C. M., & Mross, E. F. (1990, February). *Aviation weather forecasting, stress, and public policy: The utility of signal detection theory*. Center Report No. 302.

301 Nickerson, C. A. (in press). Mine eyes have seen the glory of the Reverend Thomas Bayes [Review of *Decision, probability and utility: Selected readings*]. *Journal of Mathematical Psychology*.

300 Nickerson, C. A. (in press). The integrating consumer [Review of *Analyzing decision making: Metric conjoint analysis*]. *Journal of Mathematical Psychology*.

299 Hastie, R., Schroeder, C., & Weber, R. (1990). Creating complex social conjunction categories from simple categories. *Bulletin of the Psychonomic Society*, 28(3), 242-247.

298 Hawkins, S. A., & Hastie, R. (in press). Hindsight: Biased judgments of past events after the outcomes are known. *Psychological Bulletin*.

297 Van Wallendaal, L. R., & Hastie, R. (in press). Tracing the footsteps of Sherlock Holmes: Cognitive representations of hypothesis testing. *Memory and Cognition*.

296 Fisher, A., McClelland, G. H., & Schulze, W. D. (1989). Communicating risk under Title III of SARA: Strategies for explaining very small risks in a community context. *Journal of the Air Pollution Control Association*, 39, 271-276.

295 Mross, E. F., & Hammond, K. R. (1990, January). *Annotated bibliography for cognition and stress*. Center Report No. 295.

306	305	304	302	301	300
299	298	297	296	295	

Send requests for publications circled above to:

Doreen Victor
CRJP/Campus Box 344
University of Colorado
Boulder, CO 80309-0344

EMAIL: DVICTOR@CLIPR.COLORADO.EDU
(for no-charge orders of three or less)

Name _____

Address _____

INFORMATION ABOUT SPUDM-13

The next SPUDM-conference will take place in

FRIBOURG, SWITZERLAND

AUGUST 18-23, 1991

Organizing committee:

Katrin Borcharding (FRG)

Klara Farago (Hungary)

Oswald Huber (Switzerland)

Oleg Larichev (USSR)

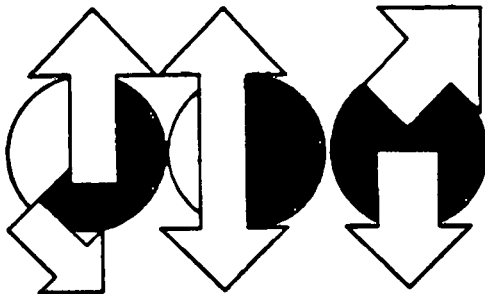
Jeryl Mumpower (USA)

Joop van der Pligt (The Netherlands).

The first announcement and call for papers will be distributed at the end of 1990.

J D M T-Shirts!

Get a distinctive JDM T-Shirt, and help the Society, too. Sales from the last meeting and after netted almost \$100 for JDM, and a limited selection of T-shirts is still available by mail, while supplies last. All proceeds go to JDM. We have:



JUDGMENT / DECISION MAKING SOCIETY

- 5 Adult-Small (good for kids)
Red-White-&-Blue 50/50 cotton/poly
- 4 Adult-Medium (good for larger kids)
Red-White-&-Blue 50/50 cotton/poly
- 5 Adult-Medium Blue 50/50 cotton/poly
- SPECIAL: 1 X-X-Large (Adult size 50-52)**
Blue-on-White 100% cotton

All Small or Medium shirts are \$8 + \$1 postage = \$9.00 each;

X-X-Large shirt \$1 extra (if you're the lucky one)

To order, indicate the number, size and color wanted, and whether an alternative should be substituted if we run out of your first choice.

Send a check, made out to

JOSHUA KLAYMAN
Graduate School of Business
University of Chicago
1101 E. 58th Street
Chicago, IL 60637

RECENT PHILOSOPHICAL LITERATURE. . .

Elster, J. (1989). **THE CEMENT OF SOCIETY: A STUDY OF SOCIAL ORDER**. New York: Cambridge University Press. Pp. 311. (\$15.95 paper)

This fascinating book concerns the role of social norms in bringing about collective action and in allowing people to predict each others' behavior. Prediction is discussed in the context of bargaining (especially labor negotiations), where the credibility of threats and promises is often crucial. Collective action and negotiation are related because "collective action failures often occur because bargaining breaks down" (p. 15).

Chapter 1 discusses collective action in general. It features a new slant on Schelling diagrams and a typology of solutions to collective action problems. Chapter 2 provides a similar introduction to bargaining. It argues that the Kalai-Smorodinsky solution embodies certain norms of fairness better than the Nash solution, which can allow one party to obtain her best outcome while the other falls short. The problem of bargaining is that, "to increase their distributive shares, bargainers engage in tactics that either decrease the probability of reaching agreement or decrease the size of the total to be shared" (p. 82).

Chapter 3 presents a view of social norms - e.g, those concerning consumption, the use of money, reciprocity, codes of honor, retribution, work, cooperation, and distribution (equality and equity) - as autonomous motivations (much like Hare's "moral intuitions"), not fully reducible to rational optimization. Chapter 4 discusses bargaining, largely in Swedish labor negotiations, and it can be skipped without loss of continuity. Chapters 5 and 6 discuss the roles of social norms in collective action and bargaining, respectively.

Social norms are the "cement of society," but they do not always work for the better. Norms of distribution are used as weapons in bargaining, and when parties subscribe to different, self-serving, norms, negotiations can break down. Honor codes lead to losses all around. Doomsday threats must sometimes be carried out. Norms of fairness lead to envy, which drags down exceptional achievement.

Sometimes norms work for the better. Collective action for social good (e.g., voluntary payment of taxes) can be initiated by "everyday Kantians" and "elite participationists," who cooperate even when nobody else does; then "everyday utilitarians" (my term) join in when they see they can do some good; and "mass participationists" and those motivated by fairness join in to do their share.

Even when norms work for the better, we cannot assume that they exist for this reason. Hammering home a point from *ULYSSES AND THE SIRENS* (Cambridge, 1979, revised 1984), Elster argues that the good effects of a social institution (or a phenotype, for that matter) do not explain the institution without some plausible account of how the effects shaped it. Norms are very likely nonrational even when they serve the ends of rationality. Having said this, Elster has very little to say about how norms arise. This would seem to be a question for psychology.

— Jonathan Baron
University of Pennsylvania



מכון גוטמן למחקר חברתי שמושי
THE LOUIS GUTTMAN ISRAEL INSTITUTE OF APPLIED SOCIAL RESEARCH

רחוב ג'ורג' ושינגטון 19, תיבת דואר 7150, ירושלים 91070, טלפון 02)231 421-2-3
19. GEORGE WASHINGTON ST. P.O.B. 7150, JERUSALEM 91070, ISRAEL. TEL: (02)231 421-2-3

A N N O U N C E M E N T

THIRD INTERNATIONAL FACET THEORY CONFERENCE

Integrating Theory Construction with Data Analysis

Jerusalem, Israel

June 16-20, 1991

Among the Topics:

Theoretical Advances in Facet Theory

Applications of Facet Theory Across a Broad Range of Disciplines

Facet Theory as a Tool for the Policy-Maker

Workshops on Computer Programs and Data Analysis

For information and further announcements contact:

Ms. Haya Gratch
The Louis Guttman Israel Institute of Applied Social Research
P.O.Box 7150
91070 Jerusalem
Israel

FAX: (972) 2-231329
TEL: (972) 2-231421
BITNET: KPURG @ HUJIVM1

Prof. Ruth Guttman **Dr. Shlomit Levy**
Organizing Committee

Recent Developments in the Psychology of Judgment and Decision Making

Compiled by JAY CHRISTENSEN-SZALANSKI, PhD, MPH

CHI MTH, Lewis MW, Reinmann P, Glaser R. Self-explanations: how students study and use examples in learning to solve problems. *Cog Sci.* 1989;13:145-82. Identifies differences between the self-generated explanations that "good" and "poor" students produce.

COX JC, Epstein S. Preference reversals without the independence axiom. *J Econ Rev.* 1989;79:408-26. Shows that a substantial proportion of subject responses violate the asymmetry axiom of expected utility theory.

DANOS P, Holt DL, Imhoff EA Jr. The use of accounting information in bank lending decisions. *Account Organ Soc.* 1989;14:235-46. Suggests that loan officers reach a high level of confidence early in the lending process and then discount evidence that disconfirms their original positions.

DAWES RM. Statistical criteria for establishing a truly false consensus effect. *J Exp Soc Psych.* 1989;25:1-17. Explains that it can be rational for people to use their own beliefs to yield an overestimate of the probability that others share the same belief.

HILTON JL, Fein S. The role of typical diagnosticity in stereotype-based judgments. *J Pers Soc Psych.* 1989;57:201-11. Concludes that the typical diagnosticity of individuating information is an important, although overlooked, factor in social perception.

HOCH SJ, Loewenstein GF. Outcome feedback: hindsight and information. *J Exp Psychol (Learn).* 1989;15:605-19. Explains how people can extract diagnostic information from feedback despite overestimating what they would have known in foresight.

JEFFERY RW. Risk behaviors and health. Contrasting individual and population perspectives. *Am Psychol.* 1989;44:1194-202. Argues that an appreciation of both the individual and the population perspectives of risk is important to developing effective action strategies for reducing these behaviors as public health problems.

JOHNSON JT. Disposition prevalence and causal strength. The effect of prevalence on the estimated causal importance of conjunctive dispositions. *J Exp Soc Psych.* 1989;25:36-58. Concludes that the perceived importance of conjunctive causes may be based more upon attributional tendencies activated by specific causal cues than upon analysis of covariation.

KANODIA C, Bushman R, Dickhaut J. Escalation errors and the sunk cost effect. An explanation based on reputation and information asymmetries. *J Account Res.* 1989;27:59-77. Questions the position that the sunk cost effect is an inappropriate response.

KOZIELECKI J. Towards a theory of transgressive decision making: reaching beyond everyday life. *Acta Psych.* 1989;70:43-63. Analyzes complex decisions whose outcomes may cause significant personal and social change. [Comments follow: Hogarth RM: Transgressive action and inaction: the need to

study both. *Acta Psych.* 1989;70:65-9. Van der Pligt J: Transgressive decision making; prospects and boundaries. *Acta Psych.* 1989;70:71-5.]

LAU RR, Bernard TM, Hartman KA. Further explorations of common-sense representations of common illnesses. *Health Psych.* 1989;8:195-219. Defines five components for measuring people's representations of common illnesses.

LAWRENCE M, Makridakis S. Factors affecting judgmental forecasts and confidence intervals. *Organ Behav Hum Decis Proc.* 1989;42:172-87. Reports on people's abilities to make forecast judgments from viewing graphic representations of time series.

LOEWENSTEIN GF, Thompson L, Bazerman MH. Social utility and decision making in interpersonal contexts. *J Pers Soc Psych.* 1989;57:426-41. Examines preferences for outcomes to self and codisputants by estimating social utility functions from judgments of satisfactions with alternative outcomes.

LOPEZ SR. Patient variable biases in clinical judgment: conceptual overview and methodological considerations. *Psych Rev.* 1989;106:184-203. Explains why previous research has been unable to show that patient demographic characteristics can bias psychotherapists' judgments.

McFARLAND C, Ross M, DeCourville N. Women's theories of menstruation and biases in recall of menstrual symptoms. *J Pers Soc Psych.* 1989;57:522-31. Shows that women's recollections of their menstrual state were biased so as to be consistent with their theories of menstrual distress.

MCGILL AL. Context effects in judgment of causation. *J Pers Soc Psych.* 1989;57:189-200. Suggests that causal explanations for an occurrence vary as a function of the causal background against which the occurrence is considered.

NORTHCRAFT GB, Earley PC. Technology, credibility, and feedback use. *Organ Behav Hum Decis Proc.* 1989;44:83-96. Demonstrates that self-generated feedback significantly influenced credibility of feedback but that technology-based feedback sources did not foster "technomindlessness."

O'CONNOR RM JR, Doherty ME, Tweney RD. The effects of system failure error on predictions. *Organ Behav Hum Decis Proc.* 1989;44:1-11. Reports that a system failure condition was more predictable than measurement error.

PINTO RP, Hollandsworth JG Jr. Using videotape modeling to prepare children psychologically for surgery: influence of parents and costs versus benefits of providing preparation services. *Health Psych.* 1989;8:79-95. Shows that surgery preparation videotapes reduced preoperative arousal of patients and could reduce individual and overall medical costs.

REILLY BA, Doherty ME. A note on the assessment of self-insight in judgment research. *Organ Behav Hum Decis Proc.* 1989;44:123-31. Suggests that people have better self-insight than previously believed, but cannot adequately express that insight by the experimental procedures that have been commonly used.

Recent Developments (*Continued*)...

SALOVEY P, Birnbaum D. Influence of mood on health-relevant cognitions. *J Pers Soc Psych.* 1989;57:539-51. Reports that probability estimates of future negative health-relevant events were sensitive to people's moods.

SANSONE C. Competence feedback, task feedback, and intrinsic interest: an examination of process and context. *J Exp Soc Psych.* 1989;25:343-61. Suggests that competence information can affect interest through several processes simultaneously.

WATSON D, Pennebaker JW. Health complaints, stress, and distress: exploring the central role of negative affectivity. *Psych*

Rev. 1989;96:234-54. Indicates that self-report health measures reflect a pervasive mood disposition of negative affectivity that is unrelated to actual, long-term health status.

WEAVER EU. A descriptive measure of risk. *Acta Psych.* 1988;185-203. Presents a conjoint measurement of perceived riskiness of choice alternatives.

YATES JF, Zhu Y, Ronis DL, Wang D-F, Shinotsuka H, Toda M. Probability judgment accuracy: China, Japan, and the United States. *Organ Behav Hum Decis Proc.* 1989;43:145-71. Reports on the similarities and differences of probabilistic judgment accuracy among several different countries.

NEW BOOK...

ACTING UNDER UNCERTAINTY: MULTIDISCIPLINARY CONCEPTIONS

edited by George M. von Furstenberg, *Indiana University*

THEORY AND DECISION LIBRARY, SERIES A

1990 ISBN 0-7923-9063-6 512 pp. \$79.95

This book presents a multidisciplinary approach to solving problems of uncertainty and highlights the representation of uncertainty as the major challenge of the cognitive and decision sciences today. The contents include models, algorithms, and applications to problems of uncertainty in a number of areas, including economics, environmental sciences, and psychology.

The volume is designed to help understand the methods adopted for dealing with uncertainty across the humanities and sciences. Based in economic theory of risk and uncertainty, it provides the reader with an awareness of the risks and choices and of the "framing" used in the selection of problem specifications and resolutions techniques.

Contributors: W.A. Brock., J.B. Bullard., H.N. Castaneda, N. J. Castellan, Jr, D. Dubois, H.E. Kyburg, Jr., L.L. Lopes, A.G. Molland, D. F. Parkhurst, T.M. Porter, H. Prade, M. L. Puri, S. Rayner, H.L. Resnikoff, T.A. Sawyer, G. Shafer, G. W. Suter II, E. D. Sylla, G.M. von Furstenberg, T. S. Wallsten, G.M.R. Winkler.

Abbreviated Contents: Part I: The Evolution of Scientific Conceptions of Uncertainty and their Social Underpinnings. Part II: Risk Analysis and Social Responsibility. Part III: Learning and Acting under Uncertainty. Part IV: Coping with Extreme Forms of Uncertainty.

from "
KLUWER ACADEMIC PUBLISHERS
P.O. Box 358, Accord Station
Hingham, MA 02018-0358
(617) 871-6600