

Norms and Social Goals in Cooperation and Coordination:
a special section of PSYC G 4285
Multidisciplinary Approaches to Human Decision Making

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Thursdays, 10:10 – 12:35, 405 Schermerhorn

This seminar focuses on the relationship between norms and social goals on one hand and strategic choices on the other. We will primarily look at decisions on cooperation and coordination with multiple parties involved. For example, in deciding whether to restrict CO₂ emissions to mitigate global warming, each decision maker (person, organization, or country) may believe that its own actions will be economically too costly in comparison with the benefits directly obtained from restricting its own emissions. If most others do restrict emissions, then any single decision maker can be a free rider, benefiting from others' decisions, while still not restricting its own emissions. This problem would be called a social dilemma or cooperation problem.

Alternatively, in seemingly similar situations, if enough individuals coordinate on a certain action such as driving cars using natural gas, the cost-benefit analysis for this activity may actually become beneficial for each individual. In the latter case, the reason is indirect network externalities because of the increased number of natural-gas fuelling stations and reduced production cost. This is the case of a coordination problem. Whereas from a standard economic perspective, these are two distinct problems, there might be a continuum between one and the other, if obeying to a behavioral norm adds to the individual's utility, and if this utility increases with the number of individuals that follow this norm.

Whether a decision maker will actually free-ride depends on fear of **economic penalties** imposed by law or treaty, and also on social goals, such as adherence to **social norms** and the **intrinsic value** of associating with others in a cooperative effort. It may also depend on the expectation of how many others will follow a norm, if network externalities are concerned. Adherence to social norms, as well as other social goals, plays a considerable role not only in environmental decision-making but in many other decision settings, including personal and business decisions.

The seminar will include elements of **individual decision-making, group decision-making, game theory, and social psychology of affiliation, social roles, and norms.**

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