

## Talking Point: Week 1

---

We covered a lot of ideas this week! Here's a brief summary to help you get your head around it all.

There's an intuitive picture of the mind that most of us have, which looks something like the following:

- In general, we feel like we can “know our own minds”, and that we understand our reasons for doing certain things. We have certain beliefs, preferences, and values, and these guide our behaviour.
- There may also be aspects of our thoughts and behaviour that we don't fully understand – sometimes we might do something and not quite know why. This suggests that the mind also has ‘hidden depths’ – that there are hidden beliefs, values, and desires that guide our behaviour which require deep reflection, probing, and perhaps complex techniques to elicit. But if we only spent enough time exploring our minds, we would eventually come to fully understand them, and all our reasons for doing what we do.

This course challenges this intuitive image of the mind, and presents an alternative picture, where none of these hidden ‘depths’ exist.

- The mind is much more improvisational than it might seem. In daily life, when faced with a decision, what we do depends a lot on context: the environment around us, what things we happen to remember, what other people are doing.
- This doesn't mean we're entirely hopeless or just guessing. We can appear to have very stable beliefs and desires, and to behave in very stable ways, because we learn from experience, and try to behave in a way that's consistent with our past selves.
- There are no hidden depths: no hidden beliefs, values, or desires. There's no answer to the question “What do I **truly** believe?” or “What do I **really** want?”

What “the mind is flat” **doesn't** mean:

- That the mind is simple. The mind is incredibly complex, and can do some incredibly difficult tasks. In fact, a “deep mind” picture would in some ways be simpler – all the brain would have to do in any given situation would be to consult its deep values to answer a question. Integrating all kinds of complex information about the current situation and what we’ve done in the past is a much more complex, difficult task.
- That the mind is stupid. As explained above, a flat mind has to do a great deal of incredibly complex processing to make sense of everyday life.

We presented a number of different findings from psychological research which seem to imply a “mind is flat” view:

- Peoples’ decisions and behaviours are highly sensitive to the way information and questions are presented. For example...
- Many people have an “illusion of understanding” – we think we understand things much better than we actually do, including our own minds. But just because we’re able to provide reasons and explanations for things when asked, doesn’t mean we necessarily have any depth of understanding.
- Many studies suggest that people are incredibly good at rationalising – providing reasons for - their behaviour after the fact, but that these explanations often don’t actually support why they actually did what they did.
- For example, people who choose between two faces, when shown the face they \*didn’t\* pick, are still perfectly able to provide reasons for their ‘choice.’ (Choice blindness)
- The ‘knew it all along’ effect – once you know that something has happened, it’s hard to forget – and tempting to think you ‘knew it all along.’
- We may not even know our own emotions as well as we think.
- The ‘common-sense’ view says that we infer the emotions of other people from their behaviour, but that we know our own emotions by introspecting – by looking inside our own minds. But psychologists have begun to challenge this.
- The ‘two-factor model’ of emotions says that emotions are a combination of a physiological response – increased heart rate, say – and **your interpretation** of that response – “I guess I must be stressed!”
- Your expectations matter: when given shots of adrenaline, people who were told it would make them feel aroused reacted much more strongly than those who had the same shot but weren’t told anything.

We talked about the implications of all of this for financial decision-making. Even if you’re not especially excited by finance, the way money works does have a huge impact on the world and each of our lives – and ‘the mind is flat’ perspective has worrying implications for finance.

- If none of us really has an ‘answer’ to how much we value different things, then how do we decide how things get priced?

- If I don't know how much to value something, I might look at how much others seem to value it, maybe adjusting a bit based on my knowledge and experience. But what happens if everyone is doing this?

We spoke to Rory Sutherland about how some of these ideas play out in advertising, and how people value different goods. Rory distinguished between the intrinsic value of a good, and the added value that advertising and marketing provide, allowing people to see a product in a way that makes them value it more. He also pointed out that how much we value something isn't absolute – it depends on what we're comparing it to. The point here is that how much we value something depends more on how it's presented and what we're comparing it to than any deep 'preferences' we have.

We also heard from Henry Stott, chairman of Decision Technology, about the difficulties with understanding why people choose to purchase certain products. Traditional research in this area relies on self-reporting: people telling you why they bought what they did. But these self-reports are actually very unreliable – they change a lot depending on how you ask the question, suggesting that often people don't fully understand their reasons for buying one thing rather than another at all.