This is a transcript from Christine Cavalier's podcast called PurpleCar Park. In this episode of the podcast PurpleCar Park, Christine Cavalier interviews author Dan Ariely about his latest book, The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home. If you use any part of this transcript, please credit Christine Cavalier and www.purplecar.net. The APA Magazine style citation is as follows:

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PC: Our guest today on PurpleCar Park is Dr. Dan Ariely, author of the popular 2008 book, Predictably Irrational: The Hidden Forces That Shape Our Decisions. Now Dr. Ariely has his latest book, The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home, released in June 2010 by HarperCollins. Dr. Ariely holds two PhDs, one in Cognitive Psychology, the other in business, and is currently the James B. Duke Professor of Behavioral Economics at Duke University in North Carolina. Welcome Dr. Ariely!

DA: And nice to be here, and call me Dan.

PC: Oh, Thanks Dan. What is Economics? At first, define Economics for us.

DA: So Economics is the study that looks at human behavior from the perspective of making some very strong assumptions about how people should behave and how they behave, and then taking the assumptions forward in terms of their implications for business, policy and personal lives.

PC: OK. So what is Behavioral Economics, then?

DA: Behavioral Economics is the study that is interested in the same questions, but without the initial assumptions. So while standard Economics starts with assuming that people are, have complete preferences and know what they want, and can compute value into the future. Behavioral Economics has said, this is an interesting question -- we will just test it empirically. So you can think about it as the empirical open-ended side of Economics with almost no ideology about what should and shouldn't be there. The only ideology Behavioral Economists have is in the experimental methods and in data. Because the starting point is so different, often the ending point is very different, and that's where the real conflict arises.

PC: Is it influenced by Psychology at all?

DA: Oh, very much. You know, I actually think that the reason it's called Behavioral Economics, not only because it is influenced by Economics, but because Economics have become THE social science of choice in business in policy. What other social scientists want to do is, they want to influence it as well, they want Economics to play a role, but not as dominant, not as intensive as they're playing right now. So, so Behavioral Economics became a way for other social scientists that are not believers in Economics, to try and influence policy and business decisions. But it's very much influenced by, mostly by Psychology, largely Social Psychology, little bit of Cognitive Psychology and also some Sociology.

PC: Is it or is it not related to the Positive Psychology movement?

DA: The Positive Psychology movement is kind of an ideological movement in some ways, saying Psychologists have not looked enough at at positive things and there are so many wonderful things and we overlook the mistakes and so on, and from that perspective Behavioral Economics is not connected to the ideological root of positive Psychology, but there's lots of ideas from positive Psychology that have become I think important and will become more important in Behavioral Economics.

PC: So let's talk about some of the benefits of being irrational.

DA: Yeah,

PC: Is irrational and illogical the same thing?

DA: No, it's not the same thing, and that's perhaps one of the benefits of being irrational. There are some cases in which we might be irrational, but it's not something you would necessarily want to eliminate. So, think about the behavior of people in terms of their propensity to steal.

PC: OK?

DA: And think about what will happen if you left your door to your house open and your neighbors came in and you were not in the house. You had a note that says that "I'm not coming back for another 2 hours." If they were perfectly rational and only trying to maximize their selfish benefits, they would steal as much as they can, make sure that nobody else sees them and escape.

PC: OK (laughs)

DA: That would still be perfectly rational. But most likely that your neighbors would not do that suggests that something is holding them back. It's something irrational because they are not doing the cost/benefit analysis. If these were monkeys, who coming into your house and seeing that there's no way you could find them, they would steal everything they could. Or, you know, if we ask people who just finish Economic classes, about how much money they would give to charity, they they would become more

selfish. So there's lots of ways in which we're not selfish enough according to economic theory and that's one of the versions of the Upside of Irrationality.

PC. I see, we're not all purely economists. We can't make decisions based purely on the economic benefit of the situation.

DA: That's right. And there's some cases in which it's wrong, right? We take mortgages we can't afford for example because they are so hard to figure out what is the value of it. But for example, even with mortgages, for a long time until the last three years, there were lots of people who held on to the mortgages because they thought it was the right thing to do. Not because it was economical to do.

PC: I see.

DA: People would say "I could default on my mortgage, and financially they will call me under bankruptcy and financially it would be better for me." But they think it's somehow morally wrong to do that. So let me struggle and try to keep on with these mortgages." Now of course, this tendency to care about on the impact on the banks and the social goods and mortgages and if we sign something we should respect it even if it's not financially the ideal thing--- This particular behavior, by the way, is going away. In the last two and a half years, we see more and more people being foreclosed, and we get a different idea about what's OK and what's not OK. On top of that, when we see so many banks being bailed out, we change our understanding about what are responsibilities and what is the right thing for a person to do. So these particular irrationalities was very good for the economy is getting eroded and more and more people are announcing foreclosure that wouldn't have done it under the same financial situation, you know, 5 or ten years ago.

PC: Oh I see, I got you. So, Both Predictably Irrational and the Upside of Irrationality, both of your books are peppered with very personal stories of your experiences of a burn victim. At 18, you had an accident that left 3rd degree burns over 70% of your body, right? And you tell of your experiences in recovery and your daily challenges in the books. Did your interests get pulled into Behavioral Economics because of these experiences?

DA: Yeah, I think in multiple ways. So first of all, I start both books by a different stories, different struggles I had. Predictably Irrational I start by talking about the debate I used to have with the nurses about what is the right way to remove bandages from burn patients: to rip them off quickly or to rip them off slowly. And how this basically --- they thought the ripping [quickly] approach was better. This kind of started me on the path to experimentally try to look into this. Of course, 3 years later.

In The Upside of Irrationality, I start by describing a struggle I had about giving myself unpleasant medications for a year and half, and I had to debate everyday between injecting myself now and being sick for the next 16 hours versus hoping that something would work well for me 30 years later. So that's I think the first part in which my

experience kind of gave me some big traumatic event that were kind of salient and clear and made some kind of forces in terms of human behavior a bit more salient. But there's another way which I think is interesting is that imagine that you were put on a bed and you would do nothing that you used to do before. Right? So for about --- for a long time, I would just not do anything I used to do. I didn't eat. I didn't breathe, I didn't get out of bed. I mean, there's lots of stuff I didn't do. It was all machines were doing it for me. I was perfectly conscious, I was observing life around me, but I didn't do anything that I used to do. It turns out that I felt a little bit like an alien. With this perspective, I felt as if I was observing life but not really being part of it. I remember about, I don't know, about 5 -6 months after I got injured, I tried to eat for the first time. It was such a bizarre thing to do. You know, we think about eating is so natural but even that, was kind of you know, I was thinking, "Why would people DO that?" I spent so many months with a tube, you got used it. It made so much sense. It's clean, you don't have to chew. It was surprising it was to eat for the first time. The feeling in the mouth. So there's lots of things where I kind of felt that I got an alien perspective on life. You know, of course, I'm much better since and I do most things that most people do. But I think I kept a little bit of this perspective anyway, where I kind of look a little bit detached at other people's lives. That kind of gives me, I think, a unique benefit as a social scientist. I'm curious about things, I look at them from an outside perspective. Sometimes I'm able to either see somethings or come up with [a] hypothesis that other people don't necessarily come up with.

PC: So is that how you took an interesting approach to Bionicles?

DA: (laughs)

PC: Let's talk about Bionicles? Ok? What are Bionicles?

DA: Bionicles. So, Bionicles are these wonderful inventions by Lego. You have 40 pieces and you basically build one type of robot. As a side comment I should say it's really interesting what's happening with kids' toys. When you and I were kids, Legos were just pieces, right? There were no specific legos that would build any specific things, and the whole point in Lego was that the pieces could become everything. Now, most of the construction toys, or many of them, are basically very specific. You build something very, very specific and you follow instruction. You can't build something very different. It's kind of interesting to look at this change. But anyway, this is not what the experiment was about.

The experiment: imagine that you come to me to build Bionicles. You sit across from me and I say, "Christine, here's the first Bionicle. If you build it, if you assemble all 40 pieces, you'll get 3 dollars." And you say, "Ok, I'll do it."

You do the first one, and I take it back from you. I say, "Hey, do you want another one? This one I'll give you $2.70 for. If you build that one, I'll give you another one for $2.40 and $2.10 and so on, in diminishing pay wages." Your decision basically is when do you

want to stop? When is the benefit of both enjoying the Bionicles, building them (some people enjoy them) plus the money is not worth the hassle and the time.

In this first condition, every time you finish one, I put it under the table. I tell you at the end of the experiment, I will take all of those Bionicles and unassemble them and put them back in their boxes for the next participant.

In the second condition which we call the Sisyphic condition

PC: Right, as Sisyphus rolling the ball up the hill just to have it roll back down again in Greek Mythology.

DA: That's right, and what's interesting about this story is that he rolled this same rock up and down the same hill.

PC: (Laughs) Right, not even a change of scenery.

DA: Right. And that thing emphasizes the futility of it. So what we did in that condition, is you would build the first one, and if you wanted to build the second one, I would give you the second one. As you were building the second one, I would disassemble the first one. If you wanted to build a third one, I would give you the first one that you built and I disassembled to build again.

PC: Ouch. I can't even imagine sitting through that.

DA: So this is basically recycling, right?

PC: (laughs) Right.

DA: It's a continuous cycle. We found two interesting things. One thing is that people stop working much faster in the Sisyphic condition. Maybe not surprising. The second thing is that when we look at the correlation between people's joy of building Legos in general and how long they persist in a task, we find high correlation in the meaningful condition. So in the regular condition, people who love legos will keep on building them for much longer with less pay. After all, they enjoy them, right?

PC: Right.

DA: But the people in Sysiphic condition, there was no correlation. The people who loved Legos did not persist any longer than the people who didn't love Legos. I think what it means is that we basically choke the joy out of people's enjoyment. Basically, we took away all the intrinsic motivation and that kind of completely eliminated it. I think companies do it all the time. In reality, I'll tell you a very sad story.

This was kind of just a really depressing thing for me. Maybe 3 or 4 weeks ago I was in Seattle. There's a big software company in Seattle. I can't tell you the name, but you know ---

PC: Big big big one, right?

DA: (laughs) and this big, big software company had the group of about 80 people who'd been working in an incubator on some new ideas. They came up with this new idea that they thought would revolutionize the computer industry. They met maybe a week before I got there, met with the CEO, and the CEO said he's burying the project. They worked on it for two [years]! I was there, and I had never seen a more deflated group of 80 people in my life.

PC: Oh no!

DA: I asked them questions. "How many of you show up late to work?" Almost all of them raised their hand. "How many of you leave early?" Almost all of them. They basically said that they felt like they were in the Sisyphic condition in the Lego path. They said that when they read this chapter [in Upside of Irrationality], it kind of resonated with just the experience they had.

PC: Just the frustration with the futility.

DA: The complete futility. Imagine you worked on two years on a project, you really believed in it, and then somebody just canceled it. Here is the dilemma: Imagine you are the CEO of this company. Imagine that it's really not a good business decision to continue with the project. It could be that it's not a good business decision. But now think to yourself, what could you do to both cancel the project (which you have to), and also not deflate all of these people?

I asked them this question. They came up with lots of solutions. They said, what if the CEO would have allowed them to present their work? Not just a final product but the thought process and development, the kind of ideology around it, why they think it's so important to the whole company. Right? And then say, "Look, we decided to cancel it but there's lots to learn from it." What if they would have created some working prototypes? It would have been expensive but they would have created some working prototypes and let people around the company have them for a while and see what happens. What if they were trying to take some parts of the technology they were developing and just think "What from those parts could be used for other things?"

There are probably all kinds of other ideas that would have achieved both goals. But the CEO was very functional. [He] said, "I'm canceling the project, and I'm not going to spend more time on people's egos and motivation." But I think it's a huge loss because it looked to me when I was there that the guy who was leading the team was going to leave.

PC: Right, they're going to lose their talent.

DA: Whether he leaves or not leaves, it's one loss, but how committed and interested [employees are] and so on, that's a huge loss for the company. So I think that companies are actually much more in the Sisyphic condition than we think. Because of that their employees are really often not as motivated. That's perhaps one of the big successes of start-ups.

PC: Why is that?

DA: The companies are small and motivated. People see the reason for what they're doing. The management has these personal connections between people. Maybe as companies go bigger and bigger, it's harder and harder for people to find meaning in what they're doing, to understand what it is that they are doing, and why it's important and so on.

PC: Yes, but in a perfectly rational sense, the CEO was saying "OK, the money stops here. We're not spending any more time or energy." But in a sense he took away their purpose.

DA: So in the rational world, in which people only work for money, right? The rational model of work is that we really all want to sit on the beach drinking mojitos.

PC: (laughs) Right.

DA: Regrettably we don't have enough money to do that, so we have to work. We hate work, but you know we have to do it so we have enough money to drink mojitos. Because of that, just cost/benefit analysis, work is aversive. From that perspective, he just basically made the right decision. Why? If people hate working, you know? Why do it? But the fact is that this is not a good description of human motivation. Right? To create an equation that had all the reasons people work, including how much they get paid and how much they like sitting on the beach and so on. It would be an equation that would have lots of lots of elements, including meaning at work, and personal connection, and a sense of obligation, and a sense of progress. All kinds of things that would not just be money in exchange for leisure. By not understanding all these irrational tendencies, good irrational tendencies, I think this CEO made a dramatic, an expensive mistake for the whole company.

PC: I see. Because that will have reverberations as it goes on, because they have so much frustration because of the futility. Have you ever run into that yourself at work?

DA: Academics is an interesting job because we are almost like entrepreneurs but with a very high safety level. (Laughs)

PC: (Laughs) Right.

DA: Imagine yourself. We're entrepreneurs but with tenure. It's an interesting idea. An entrepreneur in a sense, we get to decide what project we work on, we have to raise money for them, we have to pay our students and our post-docs. It's not just is if the University gives us a high salary and we do what we want; we have some obligations and so on. But there is I think, an atmosphere of a start-up in academia. For me, this environment really works very well, trying to figure out what works, what's interesting, who might be willing to fund it, how can we do it on the cheap to start with? Academics are wonderful in doing cheap experiments. Right? We figure out how to do it on the cheap and how to get going, how to increase our understanding, what's next and so on. It's a very intricate, fast-paced, social environment. So from that perspective it's really great. I fit it. You know, for a long time I was an academic and I never met people who worked anywhere else. All my friends were academics. In the last few years, I've started to meet more and more people who are not academics.

I went to visit a few companies. There's some people I've met that I'm absolutely, I adore and admire, and I'm impressed. On the other hand, I've met some really high executives that are just unimpressive.

Just unimpressive. I think banking attracts, banking and insurance, attracts some of the most unimpressive people I've met.

PC: (Laughs) Actually, that's a polite way of saying that. (Laughs) It's quite polite.

DA: I went to a big credit card company. Not too long ago. I asked the executives there --these are executives in credit cards. And I asked them, "Why do people get credit cards?" Why do they think people get credit cards?

First of all, it was if they had never thought about this question.

PC: (Laughs)

DA: And then they gave me an answer that is basically kind of two-part. They said, "Well, people want credit," and then they said, "And they want frequent flier miles."

PC: (Laughs)

DA: This was the extent of their thinking. I was just amazed. I said, you know, "What about reputation? What about the [pride] of taking something out of your wallet rather than cash? But forget that; Think about more interesting stuff. How does it feel at the end of the meal when you pay for it with a credit card versus cash? Don't you feel there's a difference in those things? How does it feel at the end of the month when you get the big bill compared to when you use debit?" And all of those thoughts, which I think are really important about how people to relate to money and how the decision with money is being [made] up. I asked them, "How many of you are surprised every month at the size of their credit card bill?" And again, everybody said that they were surprised, but somehow they have never thought about why do people use credit and

how this really, method of payment, changes how people deal with money. Think about money, reason about it, and make decisions about it.

So, sometimes it just amazes me, how busy people are with their mundane stuff, right? People have meetings, and email, and they have regulation to deal with, and lawyers and so on, and don't really stop to think much about the reasons are why they are doing what they are doing and what the consequences are.

PC: Daniel Pink and some other Behavioral Economic researchers talk about Autonomy, Mastery and Purpose. Any jobs that aren't repetitive, like manufacturing or whatever, those are mostly based on earnings, because it's the same thing day in and day out, but still, they have to have some automony, some mastery, and some purpose, even in those jobs. But in the higher level jobs, there has to be these elements, Mr. Pink says. Do you agree with this theory that he's come up with?

DA: I think if we want people to actually work and care about it, that's what we can do. If you think about it, our model of labor is really kind of like rats in the maze. Right? The model of labor is people hate working, we just need to give them some food so they will be willing to work, otherwise they're not going to work at all. But the reality is that, much of we're doing, the reasons for that are not for money. I mean, we need to live, we need to have money for clothes and food and healthcare. I mean, it's nice to have money. But the real reasons why we're engaged in thoughtful and concentrating and imaginative [work], I think money would explain a very small part of the beta, of the prediction. The question is, how do we understand these other motivations?

George Lowenstein has this beautiful paper in which he takes books of people who climb mountains. He kind of summarizes their happiness and misery that they describe in these books. What's amazing is that it's mostly misery. It's ONLY misery.

PC: (Laughs) It's only misery?

DA: People climb these mountains, Everest, they describe they can't breathe, they fall, they break things. You describe it and it's a moment by moment is just miserable. Then they finish, they recover, and they go up again.

PC: (Laughs)

DA: If people wanted, if happiness, or if our goal in life was to maximize a momentary happiness, these people would sit on their couch, watch Seinfeld.

PC: Right.

DA: Right? I mean, how do we get to do all these things we do. Actually, if you think about lots of stuff all of us are doing, it's not the right model to describe that every moment is happiness. Think about something like writing, or raising kids, or thinking about a new idea, or arguing with somebody about the merit of something, or solving

some formula, working on data. All of these things, it would not be a good description to say that we are enjoying every moment of it. That this is like a fifth of an orgasm.

PC: Right. (Laughs) Or a mojito.

DA: (Laughs) or a mojito. But nevertheless, we strive for those things. I think we need to understand this goal. So what is it about mountain climbing or solving things or writing a book or posting a blog or having people react to what you're doing? I mean, think about yourself, how motivated would you be if nobody read your blog?

PC: That kind of actually brings me into my next question about blogging and social media. In the book, you mention how shared experiences can influence behavior. You actually talk about it in terms of why online dating sites actually kind of stink, right?

DA: Yeah.

PC: Yeah, because there's really not any shared experiences there. Why are shared experiences so important?

DA: So first of all, just to kind of finish the first point, which is that, I think meaning is incredibly important. The online world and social media gives us lots of new ways to find meaning in things. A lot of it is about expression and audience and feeling of sharing and so on. Now the specific thing about online dating.

So Online dating, I have a couple of chapters on this, and some sense, I think it's an interesting market in and of itself. I think it's an important market, I think young people have a hard time finding romantic relationships. We work hard, and we spend a lot of time in the office. People don't like office romance, people move all the time. So online dating is really important as a solution for the market. At the same time I think the type of solution we've created with online dating is kind of --- we can learn some general lessons from it. Not just specific about online dating.

Here is the basic situation. Imagine I gave you, I asked you for a list of 50 people you really like, and 50 people you only like so-so.

PC: OK

DA: And you gave me these 100 people, and I went to them and asked them to fill in an online profile. Based on whatever site we want. Of course, I didn't take their picture, I didn't take their name, and I gave you back these 100 profiles. Then I said, "Christine, you have 100 profiles. Please sort them into two piles, the people you think you would like a lot, and the people you would like so-so." How good do you think you'll be in this? Turns out that people are just about random. Because it turns out that the way we describe people in online dating is just not as helpful. It doesn't give you a sense of what it would be like to have coffee with that person. Or what it would be like to go to a

gallery or enjoy conversation with them. So, all the things that make us like some people and don't like others, don't seem to be captured very well in online dating.

The same thing can be said about books. If I say give me a list of description about books. It would be the ISBN number and how many pages it is, and what genre it is, and how grammatical it is, and you know, how complex is the language, whatever you would describe. Then I would ask you, give me your favorite books and your not favorite books, how well do they fit with this strategy. It's very hard to get anything that could be valuable.

The thing is, that these descriptions are really useful for some things, like digital cameras. Really good describe digital cameras based on megapixel, zoom, aperture, and whether they have a flash, and what kind of batteries they have and so on. It turns out people, books, and wines are not like that. People, wines, books, are more like experience goods. I think when we experience them, we know if we like them or don't like them. But breaking them into attributes is not very helpful for understanding whether this would be good for us or not.

PC: Do we have to meet everybody?

DA: I think there's lots of ways. Think about the Amazon book reviews. What do they give us? They give us a holistic representation of a book with different people. And if we find people we have tastes like, then we can improve over time in that. Now, with wines, it's a little more difficult. With people, we tried an approach called Virtual Dating.

Here's the idea: If describing people on these lists of attributes is not helpful, what could be helpful? So we took a step back and asked, what do people do in the physical world? And people go on dates. What do people do on a date?

PC: They share experience, right?

DA: Share the experience. We'd do things together. So if you and I went on a date, we would go somewhere. We would go to a museum, we would go to restaurant, we would go to your friends, we would meet people, I would see how you react to the world around you and people around you. In this non-directed way, perhaps I'd be able to learn more about you than if I asked you specific questions about where you grew up, and where you went to school and what are your hobbies.

We tried it out. We created a very primitive website that basically allowed people to pick some shapes, a square, a triangle and so on, and go into a virtual space where things were happening.

PC: Like a virtual reality site.

DA: But really primitive. There are pictures of people dancing, pictures of games, there's music. But everything is kind of low production cost. What happens when people get

next to something, they'd start a discussion about it. They'd say, "Hey, look at these people dancing? Do you dance much? I really enjoy ballroom dancing." And they could say, "Hey when I was in Chili two weeks ago, somebody tried to teach me how to dance ---"

PC: Tango?

DA: Tango, exactly. We could have a discussion. Turns out the discussions were so useful, so much more useful than online dating discussions that we doubled people's ability to actually have a second date. So these online discussions were much more successful, much more revealing and much more useful.

PC: So maybe the dating sites should have a primitive Second Life along with it, or some other way to share experiences on the web?

DA: That's right. I don't want to say this is the final word. Basically, just saying "Look, online dating is a really bad system. Let's think about what people are good at, and try to build it into the system." If you look at all these online dating sites, they are basically are all the same.

PC: They all kind of have that rational thing that you're talking about. Based on the pure number of things in common, or the same ranking of values, like religion #1, or you know, family #1 and religion #2. That kind of thing.

DA: That's right. You know, E-harmony has some interesting psychological tricks to it, it's proprietary and we don't really know how it works, or whether it works.

PC: (laughs) Right!

DA: But one of the things they do that is interesting is that they don't give you a whole slew of people to choose from. If you come in and you answer these 400 questions (by then you're committed first of all). But then I don't say, "Here are 10,000 people." I say "Here are two people that I think would be good for you." So they're using some really nice psychological tricks, from that perspective. But you know, despite those small differences, they are all very much the same. What we need really is a dramatic, different understanding, of what people can do, can't do, what people get from online dating and how to fix it.

I'm going to tell you one more thing which didn't make it to the book and I think we'll do some more research on this. So the online dating discussions were so boring that we thought, "Why are they so boring?"

One of the thoughts was that you know the notion of equilibrium. If you and I are kind of in some space and we each have a strategy, equilibrium is the combination of strategies that would work for you and me. One of the interesting things in Economics, is that there's often multiple equilibria. The question is, which one are we going to pick, which

one are we going to settle on? The thought was that maybe there's lots of types of discussions people have, but what they end up doing is settling on something really boring. Like "Where did you grow up?" and Where did you go to school?"

PC: Why is that?

DA: I think it's because it's not offensive to anybody. I can't go wrong in this discussion, and therefore I chose a safe thing. But the fact is, that these are not really the things I want to learn about you. So, we created a game in which we said you can't ask people anything you want. There's going to be a subset of questions, and you can only ask these questions. In fact, you can only click on the key, on the screen that would output the question for you. You can't even type it. The other person on the other side could decide not to answer it. They could say it's too personal, and you can pick another one, but you can't just write stupid, boring questions. And the questions we picked were, "How many people have you dated in the last year?" "When did you break up with your last romantic partners?" "Have you ever had any STDs?"

PC: Oh! Right! (Laughs)

DA: "Any psychotic episodes in the family?" "What was the thing last year that was the interesting about yourself?" You know, lots of deep, difficult and curious questions that people really wanted to know the answer [to]. By doing that, we basically eliminated the bad equilibrium.

PC: Ah, I see.

DA: Because you couldn't ask, "What's the weather where you are?" "How many brothers and sisters do you have?"

PC: Right, because it would be rational to follow, in a first conversation, the social norms, right?

DA: That's right.

PC: You don't want to violate those, but all these questions skip over that.

DA: That's right. And everybody was happier. The people asked the questions were happier, the people who answered the questions [were happier].

PC: Wow. Because they invested more of their time and energy, or?

DA: You know, look. Imagine I asked you a difficult question versus an easy question. I would ask you whether we go on a date or don't go on a date, which one would you enjoy more answering? Would you enjoy answering something just factual? "Which high school did you go to?" Or I can ask you something about "What's your memory from your first kiss?" These are questions, one of them is just kind of an automatic response,

13

one of them is something you have to actually think about. And you might actually recall, enjoy thinking about it.

So, what I like about the online world, is that we can easily think about ways to eliminate bad equilibrius. Right? Because we can control so much more of the discussion, we can create a game like this. I think two things. One is that the openness of the online environment and the ability to express yourself and so on. The other thing is that you can create rules for online environments. Imagine you wanted to create an office party in which people could not talk about the weather. Right? It would be very hard. But if you create an online environment, you could basically do something [like] every time the word "weather" or something related [were mentioned], it would just be eliminated. You wouldn't be able to type it. Online environments give us also as designers, I think, a higher degree of control, which in principle could eliminate a bunch of bad equilibrius. Right? Imagine that you said, here's a chatroom, or discussion form, whatever it is, where boring questions are not allowed, or questions are not useful, [won't] promote discussion. You can actually create lots of structure in the online world that could be increase the utility of use.

PC: Right, because designers, because you know, user interface designers are always looking for that way to get past the first few seconds of decision making of a person, and to grab them where their interests lie. That's interesting. There's so many things in your book in particular that I think user, end-user designers [can use]; it's a must read for them. And anyone who is using the web as their main source of income, or customer outreach. There's something for everybody in there. I really like your light sense of humor, you're snarky in the book, and you put some of your own dating experiences in there (not with online dating, but just dating). The personal stories along with your research and other research like Lowenstein's experiments and things, illustrate your points, give us insights into human behavior. I know you have to go, and I just want to ask you one last question. How important is storytelling in your teaching and for getting across those points?

DA: So I think very much, for two reasons. One is I think it's a really important memory tool. If I describe to you and experiment say 78% of the people did X and 23% of the people did Y, the chance that you will remember something about it is quite low. Again if you think about how we have developed story-telling as humans, I think it has a lot to do with finding a narrative, understanding what's going on, trying to connect to it. That's the first part, just as a memory tool.

The second thing is there's lots of nuances about the story and I think sometimes statistics kind of hide the nuances. I don't want people to take my result as the final result. I want people to say "Hey, here's an interesting aspect about human behavior that I haven't considered. But let me also try to understand the nuances and when might this effect be stronger or weaker? When might I want to use it this way or another way?" I think that because social science is really so early and undefined yet, especially when we talk about the web, right? It's continuously evolving, and we find new ways to think about ways in which we failed, ways we succeeded and what fits our ability and not

ability/ Think about it. Online dating, Facebook, Twitter, all of those, Hot or Not. Those are new phenomena that we can study because they are being created, new phenomena are being created all the time, new interfaces, new websites and so on. There's more and more things to study. So I want people to not just say, "Here's the principle." More information is always bad, but I want people to understand the nuances of it and this way be able to better apply it to new environments and different environments that I hadn't considered.

PC: Very nice having you, Dr. Ariely. Anybody who wants to talk about this, there's a lot in the book, how we overvalue our own productions, so many different things that apply to business and home. Pick up the book. It was out last month, June 2010, by HarperCollins. <u>The Upside of Irrationality: The Unexpected Benefits of Defying Logic at Work and at Home</u>. Thank you so much Dan.

DA: My pleasure, and I look forward to seeing you next time I'm in Philly.

PC: OK Thanks!

DA: Take care.

PC: Bye.