

The Dynamics of Self Control

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Introduction

It has long been recognized that “to err is human”: people make mistakes.¹ While such a claim is inherently broad and ambiguous applying to elementary things such as mathematical calculations and spelling tests it is particularly applicable to conscious thinking and decision-making. Individuals recognize personal flaws on a daily basis, often with seemingly irrational consistency. One’s interactions are filled with phrases such as “I ate too much,” “I shouldn’t have picked at that scab,” or “I have such bad posture.” Indeed, one’s lack of self-confidence often confirms the popular expression that each person is his own biggest critic, belittling every shortcoming he can find.

In response to such individual fallacies, however, many are able to overcome them through hazy concepts such as “willpower” and “self-control.” People form better habits and learn from their perceived mistakes of the past. For instance, Benjamin Franklin, one of the most prominent founding fathers of the United States, based his life around perfecting what he deemed the thirteen essential virtues. Each week, Franklin would write down one of the virtues in a book and practice it for the week, evaluating himself at the end of the week before moving on to the next virtue and continually repeating the entire cycle for his entire life.² Given that many individuals seem to lack the ability to improve their habits and decisions on their own, they often resort to extraneous mental vehicles to aid their development. For example, many individuals undertake new years’ resolutions each January to benefit themselves by vowing to commit to a positive activity such as exercise or to swear off a negative interest such as overeating. Although everyone recognizes that the first of January is no different than the twenty-eighth of October, people are more successful at abiding by their resolutions within the “new year’s resolution” framework. Therefore, it is easy to see that when one cannot artificially create his own effective means to reaching his desired goal, one can be implemented for him.

While countless individuals have enhanced their decision-making abilities through their own devices, others have floundered in their attempts. They fail to maintain the necessary resolve and are overcome by their short-term desires at the expense of their long-term goals. Nonetheless, in spite of their continued choices, these individuals are cognizant of the benefits they desire; what they lack, however, is the ability to obtain and willingness to make sacrifices to actualize these benefits. This willingness to pay has been continually met by a willingness to accept in our market-based culture and has often generated what seem to be arbitrage profits. One frequently noted example of an arbitrage opportunity is Christmas Clubs. Parents who lack the self-restraint necessary to leave money aside in their bank accounts for Christmas presents can put the money into a separate account that earns a lower interest rate and prohibits any withdrawals until the beginning of December. The account holder’s indirect payment to the bank to have his own funds inaccessible for an agreed-upon duration is nonsensical without considering that he lacks the self-control to do so himself. Another financial example concerns the salary of teachers. Given that they only teach nine to ten months out of the year, teachers are typically offered the option of having their entire salary paid in nine equal payments over a nine-month period or twelve equal payments over a twelve-month period. Based on the notion of discounting, which says that money is more valuable the sooner it is to be received, the present value of the nine-

¹ Pope, Alexander. *An Essay on Criticism*. <http://www.quotationspage.com/quote/29593.html>.

² Public Broadcasting Service (PBS). “Benjamin Franklin: Self-Improvement.” Twin Cities Public Television 2002. http://www.pbs.org/benfranklin/l3_wit_self.html.

month payment plan is greater than the twelve-month plan. Nevertheless, the majority of teachers opt for the twelve-month plan, preferring year-round payments to help regulate their spending at the expense of foregone interest. For the entrepreneurial tycoon, this presents yet another business opportunity since there is a cooperative surplus inherent in the opportunity cost of choosing the twelve-month plan. Theoretically, one could serve as a third party who receives the teachers' salaries according to the nine-month plan and pays them out according to the twelve month plan. Since the excess of the nine-month plan's payments would be able to accumulate interest before being paid out, such a third party could offer higher payments during each of the twelve months than the twelve-month plan and still have money leftover for himself. Suffice it to say that these two examples demonstrate that society's lack of self-control has fostered the potential for profitable business ventures.

In light of this brief introduction, we are presented with a striking contrast between those who have the internal ability to improve their lives and those who do not. Upon closer inspection, one can see that those bestowed with self-control employ myriad strategies and tactics to overcome instances of temptation and impulsiveness. While these methodologies typically confer benefits, they can become so engrained as to inefficiently limit one's freedom of choice. Each of these considerations will be examined in turn.

The Notion of a Divided Self

In Adam Smith's *Wealth of Nations*, he expounds that efficient economic behavior is rationally motivated by self-interest. While many are aware of this philosophy, few know that in his *Theory of Moral Sentiments*, published seventeen years earlier, Smith claims that any behavior is determined by two internal perspectives which he called the "passions" and the "impartial spectator." According to Smith, the "passions" consists of short-term emotions, drives, and motivated feelings and is largely myopic. The "impartial spectator," on the other hand, constituted long-term goals and considerations.³ This two-self model is the underlying foundation behind the idea of self-control. Indeed, the notion of self-control is paradoxical without the view that there are two mutually exclusive interests competing to dictate one's behavior, one of which must be suppressed in favor of the other. As has been noted more recently, "the individual at any point in time is assumed to be both a farsighted planner and a myopic doer."⁴ Within this framework, the planner is patiently concerned with increasing lifetime utility while the doer impulsively seeks immediate gratification at all costs. This strikes an intuitive chord with most individuals. While we can often make prudent choices from a removed, dispassionate perspective, we nevertheless find ourselves frequently sacrificing our overarching goals in favor of temporary desires.⁵

The idea of a mentally-divided self has been supported by brain imaging technology. During the decision-making process, people appear to process gains and losses in different regions of the brain. This explains people might be surprisingly willing to forgo long-term benefits in order to gain short-term benefits. Further, decisions involving immediate hedonic pleasures have been noted to activate more emotional regions of the brain than decisions involving only delayed pleasures.⁶ Even without these empirical findings, the tendency to favor short-term benefits is must be explored further to better understand the inherent need for self-control.

³ Ashraf, Nava, Colin Camerer, and George Loewenstein. "Adam Smith, Behavioral Economist." *Journal of Economic Perspectives*, Volume 19, Number 3, Summer 2005. pg. 1.

⁴ Thaler, Richard and H. M. Shefrin. "An Economic Theory of Self-Control." *The Journal of Political Economy*, Vol. 89, No. 2, April 1981. pg. 392.

⁵ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 493.

⁶ Ashraf, Nava, Colin Camerer, and George Loewenstein. "Adam Smith, Behavioral Economist." *Journal of Economic Perspectives*, Volume 19, Number 3, Summer 2005. pgs. 3-4.

The Sources of Internal Conflict

At first glance, human decision-making seems to follow the heuristic that more is better. Given that, in theory, more choice would always leave a person at least as well off as before. In light of the two-self model, however, one can understand why there is substantial evidence showing that people make inefficient choices and thereby fail to consistently maximize expected utility. In fact, some have argued that the cognitive demands of abiding by such a theory are simply too great.⁷ With the empirical support that peoples' choices are often dictated by impulsive desires, scholars have offered three primary accounts for the sources of internal conflict.

Shifts in Reference Points and Deprivation

One of the primary explanations of internal conflict is the theory of shifting reference points. Most frequently applied to consumer behavior, many scholars have argued that an individual's increased proximity to a given product along one of a number of dimensions such as physical distance can induce an impulsive purchase. According to the theory, when a consumer becomes more attached to a given product in some manner, he partially adapts to the notion of owning or consuming the good. In the process, the consumer not only attaches positive utility to owning the product based on his existing desire, but also attaches negative utility to not purchasing the product.⁸ Thus, one's choice not to consume the good results in a sense of deprivation as well as foregone pleasure. Just as is true for physiological states such as hunger or thirst, deprivation is something we will expend energy to satisfy. To the extent that one perceives his deprivation as a persisting state, he will be motivated to purchase the product as quickly as possible so as to eliminate this need.⁹

This feeling of deprivation can be compounded when considering the value function set forth by prospect theory. As proposed by psychologists Daniel Kahneman and Amos Tversky, prospect theory holds that individuals regard losses as more serious than equivalent gains, implying a characteristic of loss aversion.¹⁰ Therefore, in the context of a reference point shift described above, prospect theory argues that one's incentive to purchase a product will be enhanced given that the failure to acquire it is viewed as a loss and this loss carries more weight than an equivalent gain. Thus, one's unwillingness to depart from a reference point can serve as a strong incentive for consumption. Studies have shown that failing to reinforce a response that has previously been reinforced, such as a shift in one's reference point, has greater incentive value than either reward or punishment.¹¹ Fully aware of this fact, many retailers employ a "bait and switch" maneuver to exploit such aversion to loss. In such a situation, customers are excited to prescribe to the notion of owning an out-of-stock product; as a result, they are induced to purchase a more expensive, substitute good in order to reinforce this excitement rather than suffer the loss of walking away empty-handed.

As was mentioned previously, there are many things that can cause a shift in one's reference point through an increase in the proximity of the good. The most recognizable dimension employed by retailers is physical proximity. Through the use of free samples, businesses attempt to increase one's

⁷ Bell, David. "Regret in The decision-making process under Uncertainty." *Operations Research*, Vol. 30, No. 5, Sep-Oct 1982. pg. 961.

⁸ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 494.

⁹ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 496.

¹⁰ Baron, Jonathan. *Thinking and Deciding*. Cambridge University Press, 2008. pg. 262.

¹¹ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 495.

feeling of deprivation, thereby making a purchase more likely and the alternative of waiting more difficult. Further, people are more likely to engage in an activity in the presence of others who are already doing so. This can help explain the peer pressure often experienced by young teenagers exposed to illicit drugs by their friends. Another frequently used dimension is temporal proximity. As will be elaborated upon later in the context of discounting, one's willingness to delay gratification in exchange for a larger reward decreases as consumption of the object becomes more imminent. Lastly, producers can increase consumer attachment to a good through social comparison. By nature, people tend to compare themselves with others who are slightly better off than they are, usually serving as a motivation to improve their relative positions. In the context of consumer purchasing decisions, individuals have a pressing need for what their more-fortunate peers already have, thereby reducing their willingness to delay consumption.¹²

Hyperbolic Discounting

In trying to utilize the power of self-control, the hardest phase is arguably the initial commitment to one's goal. It seems commonplace to repeatedly hear someone say that his diet starts on Monday, that the next drink will be his last, or that he just wants five more minutes of sleep. Often times it takes the beginning of a new year or an eye-opening visit to the doctor to help provide the initial impetus for people to effect change in their lives. Inherent in this problem appears to be a discount function that overweighs current benefits without giving proper credence to future costs. As previously discussed, we are subject to the manipulation of temporal proximity. Even if the effective cost is exactly the same, hollow benefits such as "No Down Payment" or "Nothing due for Twelve Months" entice customers to purchase things that they would not pay for upfront.¹³

The observation that individuals are disproportionately attracted to immediately available rewards has best been explained by George Ainslie's hyperbolic discounting. In a normative model, one should discount future rewards exponentially, causing them to decrease in present value at a fixed rate over time. As Ainslie hypothesizes, human beings discount future payoffs according to a hyperbolic function, thereby overvaluing smaller, sooner rewards relative to larger, later rewards.¹⁴ As a result, individuals often find themselves chasing immediate pleasures at the expense of their long-term welfare. Although one may know that it is in his best interest to give up smoking, the marginal benefit of each additional cigarette can continually trump his attempt to quit.

Fear of Regret

Few decisions in life are made with perfect certainty. On a daily basis, we choose restaurants, course schedules, and investment opportunities based on the best information available to us. Although our choices may appear maximize expected utility *ex ante*, we may fear that they will be inferior *ex post*. Knowledge of a better alternative creates a sense of loss and regret among human beings.¹⁵ Take, for example, someone who arrives at an airport well in advance of his time of departure. When making his way through the security checkpoint, the passenger will likely hesitate and momentarily deliberate about which line will move the fastest. In the end, even if he went to the line that was the shortest at the time

¹² Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 497.

¹³ Strotz, R. H. "Myopia and Inconsistency in Dynamic Utility Maximization." *The Review of Economic Studies*, Vol. 23, No. 3, 1955-1956. pg. 177.

¹⁴ Ainslie, George and John Moneterosso. "Building Blocks of Self-Control: Increased Tolerance for Delay with Bundled Rewards." *Journal of the Experimental Analysis of Behavior*, Vol. 79, No. 1, Jan. 2003. pg. 37.

¹⁵ Bell, David. "Regret in Decision The decision-making process Making under Uncertainty." *Operations Research*, Vol. 30, No. 5, Sep-Oct 1982. pg. 961.

of his choosing, he will likely be irked if the woman behind him who chose a different line is able to get to her gate first, regardless of the fact that he has plenty of time to board his flight. This observation can also be explained by the loss aversion inherent in prospect theory. Specifically, people often recognize that the pain of a detriment can outweigh the pleasure of success and will choose to avoid situations with a potential for regret. Thus, this fear of remorse can translate into extreme risk aversion even in everyday actions.

Such fear of regret can help explain a seemingly contradictory choice with respect to the Allais paradox. In the Allais paradox, subjects are presented with two sets of choices that can be deduced to offer the exact same values in terms of expected utility. Intriguingly, many subjects reverse their preferred choice in favor of an option that offers a guarantee rather than a risk. While this reversal of preference for two equivalent choices violates the theory of expected utility, many note that it follows directly from the fear of regret. In the first choice What choice are we talking about—where is this example?, people will gravitate to choosing a large sum of money for sure to avoid the 1% chance that they could wind up with nothing, thereby imposing a huge sense of regret. In the second choice, however, both options are likely to deliver nothing so there is no overwhelming sense of regret should an individual walk away empty-handed.¹⁶ Overall, people are often biased towards an inefficient choice as a result of their fear of experiencing regret.

Overarching Strategies of Self-Control

Although some people are prone to engraining bad habits through continued satisfaction of temptation, many are able to overcome such myopia to their own benefit. Those who have recognized their own fallacies in decision-making are likely to attempt to develop self-control strategies designed to align their behavior with the precepts of utilitarianism. Fortunately for them, human beings can quite easily deceive themselves. Countless people set their watches and clocks a few minutes fast in order to ensure that they arrive at events punctually. These efforts to improve decision-making can be implemented with the goal of either directly reducing one's short-sighted desires or augmenting one's willpower to resist impulsivity, both of which are discussed below.

Reducing Desire

As was mentioned previously, impulsive desires stem from a shift in one's reference point brought about by an increase in proximity to a benefit. In order to combat this temporary sentiment, one can attempt to maintain a neutral reference point through avoidance, postponement and distraction, and substitution.

Avoidance - Most often, an individual is aware of the situations in which he is likely to experience an increase in desire for a previously rejected alternative. Although it may not be convenient, avoiding such situations will prevent a shift in one's reference point, thereby preventing any impulsive desire from materializing.¹⁷ Recognizing that they may be vulnerable to lose their resolve in the presence of beer, alcoholics will consciously avoid bars and parties to maintain their sobriety what about putting their name on a list? This is usually better example.

Postponement and Distraction - In order to avoid succumbing to transient desires, people often put off a choice until a future date. They choose not to make big purchases on their first trip to the store or to always consult their spouse, realizing that their seeming needs often fade when they are no longer

¹⁶ Bell, David. "Regret in Decision Making The decision-making process under Uncertainty." *Operations Research*, Vol. 30, No. 5, Sep-Oct 1982. pg. 962.

¹⁷ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 499.

physically proximate to a product.¹⁸ In addition, distraction helps reduce the frustration that can plague this period of waiting. In a study of children presented with marshmallows that they were told to wait before eating, it was found that cognitive distractions such as occupying oneself with peripheral stimuli helped increase one's ability to delay gratification.¹⁹

Substitution – Given one's excitement for a reward after a shift in his reference point, some find it effective to substitute a prudent, immediate reward for resisting a larger impulse. Dieters are known to subvert their cravings for decadent sweets with pieces of gum, mints, or healthy vegetables. While these alternatives are less preferred in the short-run, they provide sufficient satisfaction to overcome the deprivation associated with waiting.²⁰

Increasing Willpower

Rather than attempting to reduce impulsive desires, many people circumvent them altogether with strategies that augment willpower. With respect to the two-person model proposed earlier, willpower can be seen as the effort of the prudent planner to constrain the behavior of the myopic doer. While personal rules will be discussed in depth in the next section, individuals also augment willpower through the use of strategies such as bundling costs and benefits, pre-commitment, economic cost-assessment, time binding, and employing a higher authority.

Bundling of Costs and Benefits – As was noted earlier in the discussion of hyperbolic discounting, people can be driven to choose smaller, more immediate rewards at the expense of larger benefits in the future. In order to overcome this problem, many scholars have argued for the strategy of bundling costs and benefits, or imagining that today's decision will set a precedent for all similar future decisions.²¹ This mental exercise swings the power of the hyperbolic discount function in favor of committing to the future course that promises the greatest total reward. For example, if one views eating ice cream today as the first in an endless string of self-control violations that will undoubtedly lead to obesity, he will quickly decide not to indulge in his craving for a scoop of mint chocolate chip. By simplifying one's choice to abstinence or perpetual indulgence, one can subvert his myopic desires. Although it is, in a sense, irrational to artificially limit one's own choices, it can prove effective in enhancing decision-making.

Pre-commitment – Individuals employ many devices to impose constraints on or alter incentives for future behavior. This strategy is often typified by the following excerpt from Homer's *Odyssey* where Ulysses wishes to bind himself to the mast of his boat before passing by the island of the seductive Sirens: "bind me hard and fast, so that I cannot stir from the spot where you will stand me, ... and if I beg you to release me, you must tighten and add to my bonds."²² This pre-commitment subverts his desire for a particular reward.²³ While this philosophy is very effective, one must make sure not to commit to an overly rigid plan that is impossible to execute, but should rather choose the best plan among those which he is confident he can execute.²⁴

¹⁸ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 500.

¹⁹ Mischel, Harriet Nerlove and Walter Mischel. "The Development of Children's knowledge of Self-Control Strategies." *Child Development*, Vol. 54, No. 3, Jun. 1983. pg. 604.

²⁰ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 500.

²¹ Ainslie, George and John Moneterosso. "Building Blocks of Self-Control: Increased Tolerance for Delay with Bundled Rewards." *Journal of the Experimental Analysis of Behavior*, Vol. 79, No. 1, Jan. 2003. pg. 47.

²² Baron, Jonathan. *Thinking and Deciding*. Cambridge University Press, 2008. pg. 471.

²³ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 501.

²⁴ Strotz, R. H. "Myopia and Inconsistency in Dynamic Utility Maximization." *The Review of Economic Studies*, Vol. 23, No. 3, 1955-1956.

Economic Cost Assessment - If the costs are to be greater than the benefits of any action, most would not be tempted to carry out the action. But this seemingly simple calculation is part of primary pitfall in human decision-making. Often the first tactic considered by an individual, it frequently falls short. In the face of vivid, proximate desires, remote economic consequences are often rendered difficult to define.²⁵ Such lack of foresight in economic consequences has led to widespread financial despair, most recently from the “explosion” of adjustable rate mortgages in the housing market downturn.

Time Binding - Similar to distracting oneself, people find it helpful to focus on the intrinsic benefit of delaying gratification, an action embodied by the timeless aphorism, “patience is a virtue”. As Freud argued, this is essentially a use of the substitution strategy. Instead of satisfying one’s desire with a material reward, however, people are compensated by the psychic reward of patience.²⁶

Employing a Higher Authority - Unable to resist temptation on their own, some turn to a higher authority to help them achieve their goals. In practice, higher authorities can range from a peer group to a religious doctrine. In order to help ensure obedience, some religious systems prescribe fundamental values for followers to uphold. For example, the period of Lent in the Catholic Church requires followers to forego some material thing, a commitment to which they may never have had otherwise fully committed.

The Formation of Personal Rules

When the cost of persuasion is sufficiently high, an individual will likely construct personal rules in an attempt to achieve self-control. In many instances, popular rules of thumb, or heuristics, can effectively serve as means of curbing prevailing impulses. For example, struggling dieters can choose to avoid lavish restaurants and chronic gamblers can steer clear of the temptation embodied by Las Vegas.²⁷ While heuristics can help to overcome simple dilemmas, it is often necessary to establish rules that help to achieve goals or and satisfy preferences. As has been outlined by Thomas Schelling, one can formulate five distinct categories of rules to help ensure adherence to personal goals.

Primary Rules - In hoping to modify behavior and decision-making, one must begin by forming primary rules. First and foremost, these rules must be clear-cut. Not being able to distinguish between compliance and violation of a particular rule undermines the very purpose of its formation. This is why legal scholars stress the notion of “bright lines” to emphasize that there should be no ambiguity in rule formation. Specifically, these rules should be qualitative and discrete rather than quantitative and continuous. Moreover, one of the most effective rules allows for no exceptions, such as the rule that stresses to floss teeth every night rather than five times a week.

In addition to emphasizing the clarity of primary rules, many psychologists see value in writing such mandates down in a concrete fashion. In transcribing one’s rules, one is forced to attend carefully to the formulation of boundaries, exceptions, penalties, and rewards. If this suggestion is ignored, one invites the potential creation of exceptions in every circumstance in which the rule is designed to apply. Further, the ceremony and seriousness of having taken the time to write down concrete guidelines attaches an implicit moral authority in the form of physical words and thus makes violation more threatening to personal integrity.²⁸

pg. 173.

²⁵ Hoch, Stephen and George Loewenstein. “Time-Inconsistent Preferences and Consumer Self-Control.” *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 501.

²⁶ Hoch, Stephen and George Loewenstein. “Time-Inconsistent Preferences and Consumer Self-Control.” *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 502.

²⁷ Thaler, Richard and H. M. Shefrin. “An Economic Theory of Self-Control.” *The Journal of Political Economy*, Vol. 89, No. 2, April 1981. pg. 398.

²⁸ Schelling, 367.

Lastly, when primary rules concern actions rather than abstinence, one should create a piecemeal schedule rather than attempt to achieve the goal all at once. By simplifying the overall goal into a series of intermediate deadlines, one can significantly reduce the seriousness of the total task.²⁹ For example, although students are intimidated by the prospect of compiling a lengthy research paper, teachers frequently aid them in this process by decomposing the whole project into small stages such as choosing a topic, formulating a thesis, gathering sources, and writing one section at a time.

Supporting Rules - In situations where enforcement of personal rules may be problematic, it is necessary to supplement inadequate primary rules with supporting rules. Such supporting rules can be categorized as precautionary, reinforcing, disabling, or enabling.

Precautionary rules serve to keep one from violating primary rules, typically by being more restrictive in themselves. As can be seen in Judaism, certain mandates serve to “build a fence” around the sacred book of the Torah, preventing followers from breaking revered rules by restricting them from getting into a position to break them in the first place. Another example is when at a lake, parents will tell their young children simply not to go in the water as a means of keeping them from wading in too deeply.³⁰

If the command of one’s primary rule is perceived as difficult to follow in and of itself, one can utilize a reinforcing rule. Such reinforcing rules are easier to follow and typically stress performance over abstinence.³¹ For example, if a rule calls for getting up to run each morning, a reinforcing rule can be established to get out of bed when the alarm goes off. Although this supporting rule is not the primary rule itself, it can help ensure that the primary rule is followed. Once successfully out of bed, a person will find it much less disheartening to put on running shoes and head out the door.

Similar to precautionary rules, disabling rules fully preclude the possibility of violating a primary rule. Whereas the precautionary rule merely erects a barrier a safe distance away from the activity forbidden by the primary rule, the disabling rule would render the activity impossible.³² If one sought to avoid eating midnight snacks, one could establish a disabling rule to never keep anything to eat in the kitchen. Given that such measures are often drastic, one should impose them in advance while his alternative preferences are in control.

Lastly, in contrast to disabling rules, enabling rules help enforce the completion of one’s primary rule. By establishing measures that make an activity more enjoyable, such as always going to the gym with a friend, one can increase the likelihood of achieving a goal and maintain a positive incentive when initial excitement has subsided.³³

Rules that Govern the Exceptions - While adherence to personal rules is the ultimate goal, there are undoubtedly circumstances where exceptions are legitimate, even necessary. If a rule says to run three miles outside every morning, the subject should likely forego running for his own safety following an icy snowstorm. As with primary rules, rules governing exceptions should be objective, qualitative, discrete, and most importantly, determined in advance.³⁴ Establishing a boundary for exceptions at the outset helps to eliminate discretionary judgment that leads to the creation of exceptions in tempting circumstances. Indeed, many businesses fashion and advertise their products as these exceptions to personal rules, hoping to induce increased purchases. One can combat these attempts by instituting compensatory substitutes when unable to follow primary rules, such as requiring a set of pushups to be completed in lieu of running when it is below forty degrees outside.

Rules for Violations - By the same logic, rules for violations must be constructed alongside primary

29 Ibid.

30 Schelling, 368.

31 Schelling, 369.

32 Schelling, 370.

33 Ibid.

34 Schelling, 371.

rules to serve a dual purpose: precluding violation by implementing credible penalties and further ensuring that violation does not undermine the overarching goal. Human beings are likely to be tempted to abandon their prior resolve and deviate from personal goals, especially if there is no concrete consequence of such a deviation in sight. Practically speaking, however, this does not imply the need for extreme penalties. Violation may often be inevitable and one will want a sufficiently credible penalty so as to remain committed even after an initial transgression.³⁵ This same logic applies to rewards for good behavior. For example, it would likely be counterproductive to determine one's own reward for continued obedience, leading to excess indulgence.

Rules for Handling Breakdown - When a violation is committed for which no prior allowance was made, it threatens the collapse of the entire pursuit. Although this can be a powerful disincentive to prevent violation in the first place, it is nevertheless bound to occur for some. In such situations, it is helpful to remember to always regain confidence and treat partial progress as grounds for encouragement; such practices can reaffirm one's resolve to continue his pursuit of his goal.³⁶

The Benefits of Self-Control

Self-control can empower people to achieve their long-term goals. It can prevent the onset of an unfavorable static existence by helping people to make decisions that might change their mannerisms. To the extent that one is able to suppress the impulsiveness of the myopic doer in the two-self model in favor of the prudent planner, personal utility is likely to be augmented. Beyond the explicit benefits of fulfilling one's desires, there appear to be four implicit benefits from self-control.

Social Maturity - Being able to adopt cultural norms can be instrumental in the success and good-standing of an individual. While this naturally occurs in the course of one's development, some conform more rapidly than others. This enhanced progress can be related to self-control. As has been documented, the capacity to delay gratification is systematically related to indicators of cognitive competence and social maturity.³⁷ In other words, if an individual believes he can enhance his capacity for self-control, it will likely bestow external benefits upon him.

In looking at our society, this strikes an intuitive chord. Countless situations seem to prompt the aforementioned proverb "patience is a virtue": one such example is waiting for everyone to be seated before beginning dinner or leaving one's Christmas presents wrapped under the tree for the entire month of December. In addition, social customs often command people to resist immoral temptations such as adultery or shoplifting. Lastly, generally speaking, self-control can be instrumental in promoting a good work ethic. Rather than looking for an easy, quick, and inadequate solution to a complex problem, individuals with good self-control will demonstrate perseverance in pursuit of their goals. This persistence is arguably one of the most fundamental qualities of success in our society today.

Avoidance of Regret - Through strategies such as pre-commitment, people can help avoid the potential for regret. If an individual is convinced that an ex post superior alternative was not available in the first place, he will not feel any remorse. We see this in practice all the time. Many students study meticulously for every exam they take to ensure that they obtain a good grade. Following easier tests, many of these individuals realize that they spent a superfluous amount of time reviewing the material, but do not regret their decision because it stemmed from a personal rule of thumb.

Pleasure Management - On a daily basis, individuals are forced to sacrifice some pleasures in order to enhance the experience of others. Everyone engages in this behavior to a certain degree; for instance,

³⁵ Schelling, 372.

³⁶ Schelling, 373.

³⁷ Mischel, Harriet Nerlove and Walter Mischel. "The Development of Children's knowledge of Self-Control Strategies." *Child Development*, Vol. 54, No. 3, Jun. 1983. pg. 603.

some people avoid late afternoon snacks to make dinner that much more enjoyable.³⁸ This can also apply to people's finances. Although an individual may have enough discretionary income to afford a big-screen TV, he knows the money will be better utilized later as a down payment on his future home.

Conservation of Search Costs - Possessing superfluous choices is often an overwhelming position. The search costs of investigating every alternative are very high and are often outweighed by the marginal benefits between choices. Famously, Albert Einstein always wore the same outfit so that he wouldn't have to expend mental energy thinking about what to wear. Through such self-control, one can avoid the costly effort and nominal frustration of comparing a myriad of alternatives.

The Downside of Self-Control

Although self-control is, by and large, a good thing, it is not without its downside. Assuming people are able to establish rules of self-control, they may take on an authority higher than the one who created them, leaving them in place when they are no longer necessary. Thus, the benefits of self-control can arguably be opposed by several potential detriments.

Difficulty to Impose - As can be inferred from previous discussions, self-control can be difficult or costly to initiate and may prove to be of limited effectiveness. People are notorious for bending rules and inventing exceptions wherever they please. One of the most common rationales for purchasing a product is a feeling of entitlement. People convince themselves that they work hard and therefore deserve certain possessions. Compounded with the problem of social comparisons, the "everyone else has one" argument can have a powerful influence on an individual's purchase decisions. Further, with respect to the mental bundling of costs and benefits, previously grouped considerations can be easily unbundled, leading to the belief that "one won't hurt."

Engrained Rigidities - Self-control imposes rules regulating one's behavior. To the extent that one's rules become habits, they build rigidities into his decisions.³⁹ If an individual has overcome his need for a rule of self-control, such inflexibility can be inefficient. For example, displaying an extreme reluctance to consume carbohydrates after losing weight on a diet is not healthy. As Schelling noted, people in many situations would choose a different option "but for some nagging commitment that was motivated by values that at the moment have no claim or appeal."⁴⁰

These personal principles can be further reinforced through social interaction. In their commitment to a self-control rule, people often become very prideful of their causes, developing an internal complex and seeking social support. In the process, their internal resolve can be strengthened by relative comparisons to their peers. When the rule is no longer optimal, individuals are often too attached to their reputation that they feel they cannot abandon it. This problem can be exacerbated by competition. Two friends who start out supporting one another to lose weight may both be unwilling to be the first to show contentment, leading both to an unhealthy lifestyle.

Detrimental Fear of Regret - Just as a fear of regret can motivate positive abstinence, it can also condone negative activities. Take gambling for example. Most gamblers are fully cognizant that they are likely to lose money by betting. Their greater fear, however, is hearing that they would have won big at long odds when they decided not to bet. This helps explain how people can incorporate things such as playing their lucky lottery numbers into their everyday routines. They are willing to pay a small price to avoid the prospect that they would have won big when they didn't bet.⁴¹

³⁸ Hoch, Stephen and George Loewenstein. "Time-Inconsistent Preferences and Consumer Self-Control." *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 499.

³⁹ Thaler, Richard and H. M. Shefrin. "An Economic Theory of Self-Control." *The Journal of Political Economy*, Vol. 89, No. 2, April 1981. pg. 398.

⁴⁰ Schelling, Thomas. "Enforcing Rules on Oneself." *Journal of Law, Economics, and Organization*, Vol. 1, No. 2, Autumn 1985. pg. 364.

⁴¹ Bell, David. "Regret in Decision Making under Uncertainty." *Operations Research*, Vol. 30, No. 5, Sep-Oct 1982. pg. 971.

In addition, the fear of regret can lead to undesirable personal rules. In a famous example, Abraham Lincoln jumped out of his coach and lifted several young pigs out of a dangerous slough, claiming that he did it to avoid the regret he would have felt had he sat idly.⁴² While this motivation can often lead to beneficial consequences, it can be excessive and inefficient in certain circumstances.

Exploitation – If others are aware that a particular individual is good at self-control, they may exploit this fact to their advantage. For example, if one lender is particularly impatient while the other has the capacity to delay gratification, people in debt who know this will likely pay off the impatient lender first to his peer's disadvantage. While this raises questions of normative fairness, it is largely an empirical truth. Mothers with multiple children will likely expend less effort trying to appease the child that is the most easygoing.

Annoyance – Human beings tend to be jealous creatures, envying the successes of others. For this reason, it has been observed that some people are annoyed at teetotalers, successful dieters, and habitual joggers.⁴³ While it may be unjust, many find that their success in overcoming a personal obstacle comes without the sincere support of their peers.

Implications for Paternalism

In the past decade, the United States has embraced the ideal of self-improvement. Bookstore shelves are lined with self-help books providing advice on one's diet, exercise routines, and financial investments. The existence of such a market implies a large segment of customers in need of help achieving their goals or enhancing their lives, often through an imposed restriction of choice. Therefore, beneficial aids such as books, tapes, and peer groups are welcomed.

The imposition of this benefit from an external source logically extends to the idea of an organization's paternalistic intervention in order to further the lives of its members. Historically, the majority of the world has been skeptical of even the slightest paternalism, looking to safeguard the liberty and freedom bestowed to individuals. In order to help understand why, it can be useful to leverage the two-self model underlying the notion of self-control. As discussed earlier, the two-self model explains an individual's choices as being determined through a struggle between a short-sighted impulse and a long-term goal. While a calm, objective individual would typically favor his long-term goal, he may occasionally betray this rule of thumb in favor of an immediate reward. Intervention to make such a person refrain from myopic choices is usually recommended given that the alternative makes him better off. Such a recommendation, however, does not apply to paternalism because the two "selves" are no longer embodied in the same person, thus conflicting with the inherent human rule of thumb regarding distributive justice. As philosophers such as John Rawls have dully noted, even if a policy increases the total utility in society, many people object to reforms that make some citizens worse off.

This popular sentiment has had the effect of engraining seeming inefficiencies into society, most notably with respect to health care expenditures in the United States. Currently, the United States' health care system spends an exorbitant amount of money on expensive procedures to help ailing individuals extend their lives by a relatively small amount of time.⁴⁴ Although this fact is heavily influenced by the moral hazard of the U.S. insurance system, it also stands in accordance with the theory of distributive justice. From an objective point of view, most would agree that this money could be better utilized in

⁴² Rachels, James. *The Elements of Moral Philosophy*. New York: McGraw Hill, 2003. pg. 76.

⁴³ Schelling, Thomas. "Self-Command in Practice, in Policy, and in a Theory of Rational Choice." *The American Economic Review*, Vol. 74, No. 2, May 1984. pg. 5.

⁴⁴ Krugman, Paul and Robin Wells. "The Health Care Crisis and What to Do About It." March 23, 2006. Online <http://www.nybooks.com/articles/18802>.

other ways. After all, in a more efficient system, more quality-adjusted life-years could be salvaged by treating younger patients in need with the same amount of money. Since this would have to come at the expense of prolonging the lives of aging individuals, however, it does not have widespread support. Abstractly, people are not willing to trade off the interests of two people to achieve a net benefit as they would be if these two “selves” were components of a single person’s self-interest. While one is allowed to pre-commit himself, he typically cannot do so on behalf of others.

Although people have historically opposed the notion of paternalism by the state, there are many situations where institutions are forced to make a choice that will affect others. For example, organizations are often required to designate a default arrangement that will prevail unless people affirmatively choose otherwise.⁴⁵ These choices can apply to things ranging from employee savings plans to the layout of food in a buffet line. While such choices are, by nature, paternalistic, they are necessary in such situations. Therefore, organizations can often bypass their concerns of being paternalistic when it cannot be avoided and focus on the better question of how to choose among paternalistic options.⁴⁶

Recognizing that paternalism is required in many circumstances, some scholars have advocated the notion of libertarian paternalism to implement optimal policy. While there are many approaches to selecting the “best” choice among a number of options, most involve some form of a cost-benefit analysis. After incorporating widespread self-control costs, it is often efficient to limit choices. People trying to resist the temptation of a piece of moist chocolate cake would prefer that it be placed all the way across the room; students looking to commit to a personal fitness program would prefer that it be incorporated into their class schedule; employees hoping to save for retirement would prefer to be automatically enrolled in a 401(k) plan.⁴⁷ Ultimately, when an organizational policy will unavoidably affect others, many people would prefer to have their choice constrained.

Beyond situations of inevitable paternalism, some scholars argue that paternalism is permissible when its benefits can be obtained without substantial inefficiency. This idea, known as asymmetric paternalism, states that paternalism should be invited if it bestows large benefits on those who make errors in judgment while imposing little or no harm upon those who are fully rational.⁴⁸ Such policies have the intention of offering a Pareto-improvement to society, benefiting impulsive decision-makers while leaving coherent individuals no worse off. Where implementation costs are low, one can already see cases of asymmetric paternalism today. For example, many states have imposed cooling-off periods of three to seven days for certain purchases to avoid high-pressure sales tactics.⁴⁹ This policy helps those who would impulsively buy a good and imposes only a nominal detriment upon more rational consumers in having to wait a few days to make their purchase. While some may argue that this benefit to short-sighted consumers comes at the expense of retailers, it can be posited that correcting these errors in judgment enhances economic efficiency to the benefit of both parties involved.⁵⁰ Such a conjecture is obviously unproven, but the possibility that a Pareto-improvement may be achieved through asymmetric paternalism merits further investigation.

Given that a high level of government involvement has been consistently denounced throughout the past century, it is still unclear if society can take positive strides in overcoming its fear of paternalism. In addition to the relevant costs and benefits of reform to be considered, one must not neglect the

⁴⁵ Thaler, Richard and Cass Sunstein. “Libertarian Paternalism.” *AEA Papers and Proceedings*, May 2003. pg. 179.

⁴⁶ Thaler, Richard and Cass Sunstein. “Libertarian Paternalism.” *AEA Papers and Proceedings*, May 2003. pg. 175.

⁴⁷ Thaler, Richard and Cass Sunstein. “Libertarian Paternalism.” *AEA Papers and Proceedings*, May 2003. pg. 177.

⁴⁸ Camerer, Colin et al. “Regulation for Conservatives: Behavioral Economics and the Case for ‘Asymmetric Paternalism.’” *University of Pennsylvania Law Review*, Vol. 151, No. 1211. pg. 1212.

⁴⁹ Hoch, Stephen and George Loewenstein. “Time-Inconsistent Preferences and Consumer Self-Control.” *The Journal of Consumer Research*, Vol. 17, No. 4, March 1991. pg. 500.

⁵⁰ Camerer, Colin et al. “Regulation for Conservatives: Behavioral Economics and the Case for ‘Asymmetric Paternalism.’” *University of Pennsylvania Law Review*, Vol. 151, No. 1211. pg. 1220.

ramifications a current policy change would have on future decisions.⁵¹ Many substantiate their fear of paternalism on the notion of a “slippery slope,” believing that any such policies are bound to multiply until their profundity has resulted in an undesirable state of the world. Meanwhile, others believe that this concern is severely unfounded and that foresight can prevent any unwanted proliferation of paternalism in society. Overall, one can be optimistic that future research will elucidate the potential effects of any institutional reform to help settle this ongoing debate.

Conclusion

As has been extensively explored, individuals often harbor internal struggles between short-term desires and long-term goals. Within such a battle, self-control can have substantial benefits such as overcoming impulsive preferences and avoiding potential regret. Why then do we not see more self-control? The answer might simply be that human beings are fickle creatures. They display inconsistencies in their tastes and prefer the flexibility to adapt to imminent opportunities.⁵² As much as some desire imposed obedience, others yearn to preserve future choice.

In the end, knowledge is power. While it is easy to recognize shortcomings, this awareness is meaningless and likely detrimental unless they can be changed. Given that achieving such change is a difficult process, it is helpful to understand the dynamics of an individual’s desires and the strategies that can effectively control them, all the while being cognizant of potential downsides. Although each individual is unique in his own right, everyone shares the ability to improve his standing through self-control.

⁵¹ Camerer, Colin et al. “Regulation for Conservatives: Behavioral Economics and the Case for ‘Asymmetric Paternalism.’” *University of Pennsylvania Law Review*, Vol. 151, No. 1211. pg. 1251.

⁵² Strotz, R. H. “Myopia and Inconsistency in Dynamic Utility Maximization.” *The Review of Economic Studies*, Vol. 23, No. 3, 1955-1956. pg. 173.