

# **Is Money a Psychedelic Drug? Rewiring Risk and Reward through Altruistic Choice Architecture**

By May Thaw Tar (Susan)

22 Dec,2025

**Behavioral Economics**

# 1. Introduction

“The euphoria of wealth” has long been one of the most desires people ever wanted. The Gucci bag, the 250 GTO Ferrari, the silicon valley office view, all of these trigger the idea of “money can buy happiness” illusion. Society has gamified wealth. As a consequence, when we say “health is wealth”, it seems to me that money has become its own medicine, an intoxicating high.

This distortion is not merely anecdotal. We have seen money as the main drive of people’s decision, desire and sometimes, craziness. The recent news in Thailand is that three Burmese suspects were arrested in Bangkok for stealing 10 Million Baht from their best friend (The Thaiger, 2025). This left me questioning “how easily our minds mistake the *feeling* of wealth with the *experience* of well-being?” According to Daniel Kahneman (2011), our “experiencing self” and “remembering self” often disagree about what makes us happy. In *Thinking, Fast and Slow*, he explains that people chase the *idea* of happiness such as salary, status and money, rather than the *experience* of daily contentment (Ch. 37–38). This gap explains why even wealthy individuals can feel empty, and why people risk everything for short-lived financial thrills.

Daniel Kahneman (2011) also mentioned that our decisions are driven by two systems: *System 1*, which is fast, emotional, and intuitive, and *System 2*, which is slower, more deliberate, and rational. When it comes to money, System 1 often wins. We buy, invest, and gamble not because it makes rational sense, but because it *feels good* since the thrill of gain lights up the same dopamine pathways as drugs or love. Money cues trigger dopamine responses similar to those associated with addictive substances, intensifying novelty-seeking, risk-taking, and tunnel vision.

When individuals pursue wealth (here as money) without limits, they often neglect the commons, the shared resources, trust, and moral fabric that keep communities together. Elinor Ostrom (2012) called this dynamic *the tragedy of the commons*, where collective welfare collapses under individual overconsumption. In

modern terms, the commons might not be forests or fisheries, but mental health, empathy, and social cohesion.

## 2. Problem Statement

The above crisis is not unique to Thailand or Myanmar; it's global. As Nikolova and Djankov (2016) found in Eastern Europe, even as GDPs grew, happiness lagged. Economic gains did not translate into emotional well-being. The reason? People focused on comparison rather than connection. Wealth becomes relative and is measured against others, not by personal satisfaction.

This illusion of wealth as happiness connects to *the tragedy of the commons* (Amendolare, n.d.). When individuals pursue personal gain at the expense of shared welfare, the common good erodes. As Elinor Ostrom (2012) demonstrated, solving this tragedy requires cooperation, empathy, and polycentric governance where many centers of collective decision-making rather than one controlling authority.

This paper therefore asks: **Can we redirect the euphoria of wealth, the thrill of risk and reward, toward altruism, cooperation, and the common good?**

In short, if money now functions like a psychedelic drug, altering our perception of happiness, then behavioral policy may be the therapy we need. In fact, Standard economic policy focuses on income, consumption, and GDP. But if money is acting like a psychedelic drug, triggering distorted rewards and undermining cooperation, then policy must address the *behavioural architecture* surrounding money, not just the flow of money itself.

## 3. Theoretical Framework & Literature Review

Traditional economic models assume that individuals are rational agents who consistently optimize their choices. Behavioral economics challenges this assumption by demonstrating that human decision-making is systematically shaped by cognitive limitations, emotional responses, and contextual framing. One foundational insight is

**bounded rationality**, introduced by Simon (1957), which argues that individuals cannot process all available information and therefore rely on heuristics rather than optimization. This limitation becomes particularly visible in financial decision-making, where complexity and uncertainty are high, and simple mental shortcuts often replace careful calculation.

Building on this insight, **Prospect Theory** shows that people do not evaluate outcomes in absolute terms, but relative to a reference point. Kahneman and Tversky (1979) demonstrate that individuals tend to become **risk-seeking when they perceive themselves to be in a loss domain**, a pattern that helps explain gambling behavior, speculative investments, and ethically risky choices made under financial stress. This tendency is further reinforced by **present bias and hyperbolic discounting**, which cause individuals to overweight immediate rewards relative to future benefits. As a result, short-term financial gratification often dominates longer-term well-being, even when individuals are aware that such choices may be suboptimal in the long run.

The importance of **choice architecture** further complicates the assumption that preferences are fixed. Thaler and Sunstein (2008), as well as Sunstein (2014), show that the way choices are framed can systematically influence behavior without restricting freedom of choice. Defaults, social visibility, and framing effects can nudge individuals toward particular actions, revealing that preferences are often constructed in the moment rather than pre-existing. In monetary contexts, framing money as a private reward versus a socially meaningful resource can fundamentally alter how it is used.

Emotional processes also play a central role in shaping economic behavior. The **effect heuristic** suggests that individuals rely heavily on emotional reactions when judging value and risk, particularly in domains such as money, where abstract numbers are imbued with symbolic meaning (Slovic et al., 2007). Closely related, **availability bias** leads people to overestimate the importance of salient examples, such as visible displays of wealth or success while underestimating less observable outcomes like daily emotional well-being. Together, these biases help explain why money is often perceived as a reliable path to happiness despite strong evidence to the contrary.

This misperception is reinforced by the distinction between **experienced well-being and evaluative well-being**. Kahneman (2011) argues that commonly used life satisfaction measures fail to capture moment-to-moment emotional experiences, leading individuals and policymakers alike to overvalue income and status while undervaluing daily affect and meaning. Empirical work supports this view: increases in income do not reliably translate into sustained improvements in emotional well-being, particularly once basic needs are met (Aknin et al., 2013; Nikolova & Djankov, 2016).

Altruism further complicates the standard economic narrative. While traditional models predict self-interested behavior, experimental evidence consistently shows that individuals derive intrinsic satisfaction from helping others. Aknin et al. (2013) demonstrate that spending money on others increases happiness more than spending on oneself, while Klimecki et al. (2016) provide evidence that altruistic actions increase empathy and positive affect. However, due to bounded rationality and present bias, individuals often underestimate these emotional returns and default to private consumption. This gap between expected and experienced utility suggests that altruism is not absent, but context-dependent and highly sensitive to institutional design.

Finally, the broader social consequences of self-interested behavior are captured by the **tragedy of the commons**. Ostrom (2012) shows that uncoordinated individual action can degrade shared resources unless institutions foster cooperation, trust, and collective responsibility. In modern societies, these shared resources extend beyond natural commons to include social trust, mental health, and community cohesion. Research on poverty and stress further suggests that economic environments shape cognitive bandwidth and decision-making, amplifying short-term thinking and risk-taking under scarcity (Haushofer & Fehr, 2014). Development-focused behavioral research similarly highlights how small, well-designed interventions can generate meaningful behavioral change even in low-income contexts (Banerjee & Duflo, 2011; World Bank, 2015).

Taken together, this literature suggests that money's psychological impact depends critically on **context, framing, and emotional salience**, rather than quantity alone.

Financial resources can trigger impulsivity, risk-seeking, and social comparison, but they can also be structured to promote empathy, cooperation, and experienced well-being. This insight motivates the policy intervention proposed in this paper, which seeks to redesign the behavioral architecture surrounding money in order to redirect risk and reward toward altruistic outcomes.

This policy paper draws on five core behavioral economics theories as below:

1. **Bounded Rationality** (Simon, 1957): Individuals cannot process all available information and therefore rely on heuristics rather than optimization.
2. **Risk-Seeking in Losses** (Kahneman & Tversky, 1979): When individuals perceive themselves to be in a loss domain, they become more willing to take risks.
3. **Choice Architecture** (Thaler & Sunstein, 2008; Sunstein, 2014): The way choices are framed can systematically influence behavior without restricting freedom.
4. **Tragedy of the Commons** (Ostrom, 2012): Uncoordinated self-interest can degrade shared resources unless institutions foster cooperation.
5. **Experienced Well-Being** (Kahneman, 2011): Life satisfaction measures often fail to capture real-time emotional welfare.

To deepen the analysis, the paper incorporates additional biases covered in class:

- **Hyperbolic Discounting / Present Bias**: Individuals overweight immediate rewards relative to future benefits, explaining impulsive spending and short-term gratification.

- **Affect Heuristic** (Slovic et al., 2007): Emotional reactions drive judgments of value and risk, especially in monetary decisions.
- **Availability Bias**: Salient examples of wealth and success distort beliefs about money's true role in happiness.

Beyond course readings, this proposal is informed by:

1. **Slovic et al. (2007)** : affect heuristic and emotional risk perception
2. **Aknin et al. (2013)**: spending money on others increases happiness
3. **Haushofer & Fehr (2014)**: poverty, stress, and decision-making
4. **Banerjee & Duflo (2011)**:small interventions can shift behavior in low-income contexts
5. **World Bank (2015)**: behavioral insights for development policy

Together, these studies suggest that **money's psychological impact depends critically on context and framing**, not just quantity.

#### **4. Policy Proposal : “ Building Wealth through Altruistic Architecture: How much happiness can you multiply with \$10?”**

I want to propose a policy framework where we would treat money not as a villain but as a tool to wire around altruism. In the film *The Wolf of Wall Street*, the protagonist's world is a casino of money, risk and status, his addiction to wealth warps his relationships, his health, his ethics. The metaphor is clear: money can act like a psychedelic. So we would design a system that the “high” is collective good, not just personal indulgence.

## Why \$10?

In the Myanmar context, \$10 represents a **meaningful yet low-stakes amount**:

- \$10 approximates a full day's wage for many individuals.
- It is large enough to enable action but small enough to encourage experimentation.
- Prospect Theory predicts that **low perceived losses increase risk-taking**, making participants more willing to try creative, uncertain altruistic actions.

\$10 minimizes financial harm while maximizing psychological engagement, making it ideal for a behavioral experiment.

### Goal:

To convert risk-seeking and self-interested behavior into collective altruism through experimental design and choice architecture.

### Target Population

The pilot intervention will be conducted at **Parami University** and will target **undergraduate students in their first and second years (Years 1–2)**. This population is chosen for both theoretical and practical reasons. First, early undergraduate years are a critical period for identity formation, habit development, and value internalization. Behavioral patterns established during this stage are more likely to persist over time, making it an ideal context for testing long-term behavioral change. Second, first- and second-year students typically have similar financial constraints, which reduces heterogeneity in baseline economic conditions and minimizes confounding effects related to income differences.

Participants will be recruited from **mandatory core courses** that cut across majors (e.g., introductory social science, economics, or general education courses). Recruiting

from required courses reduces self-selection bias, as participation is not limited to students already interested in altruism, volunteering, or social impact. Students who are already running funded social projects will be excluded or flagged at baseline to avoid confounding pre-existing prosocial engagement with treatment effects.

The target sample size is **150 students**, which allows for sufficient statistical power while remaining feasible within a single-institution pilot.

### **Program Summary:**

Participants receive a small fund (e.g., \$10) and must multiply its social value through creative altruistic actions such as helping communities, improving shared spaces, or initiating micro social projects.

### **Randomized Controlled Trial (RCT) Design**

The study will use a **randomized controlled trial (RCT)** to identify the causal effect of altruistic choice architecture on behavior, empathy, and well-being.

#### **Step 1: Baseline Survey (Pre-treatment)**

Before any money or instructions are provided, all recruited participants will complete a baseline survey measuring:

- Demographics (age, gender, year of study)
- Prior volunteering or altruistic behavior
- Baseline subjective well-being
- Baseline empathy (using items adapted from Klimecki et al., 2016)
- Risk preferences (simple self-reported and behavioral measures)

This step ensures that all key outcomes are measured **before** treatment assignment, eliminating reverse causality.

### **Step 2: Random Assignment**

After baseline data collection, participants will be **randomly assigned** into one of three groups (approximately 50 students per group):

- **Group A (Treatment Group):**  
Receives **\$10** along with the altruism challenge, framed as an opportunity to multiply social value through creative or cooperative actions.
- **Group B (Active Control Group):**  
Receives **\$10** with **no framing or instructions**, allowing participants to spend the money freely. This group controls for the pure income effect of receiving money.
- **Group C (Passive Control Group):**  
Receives **no money** and no intervention. This group provides a baseline for natural changes in behavior and well-being over time.

Randomization will be conducted using a computerized random number generator. To ensure balance across groups, **stratified randomization** will be used based on gender and prior volunteering experience.

### **Step 3: Intervention Period**

The intervention will run for **three months**, during which:

- Group A participants complete **three monthly altruism challenges**

- Participants document their actions through a digital platform (receipts, photos, short reflections)
- Group B participants are not restricted or monitored beyond post-intervention surveys
- Group C participants continue normal activities

To minimize spillovers, participants will be instructed not to publicly disclose their group assignment during the study period. If contamination risk is high (e.g., students from the same class), randomization will be conducted at the **class-section level** rather than individual level, with standard errors clustered accordingly.

## **5. Evaluation Metrics**

### **Behavioral Indicators:**

- % of participants completing challenges.
- Number of cooperative vs. individualistic projects.

### **Psychological Indicators:**

- Change in subjective well-being (pre/post survey).
- Self-reported empathy and sense of meaning.

### **Economic/Social Indicators:**

- Amount of money multiplied or social impact achieved.

- Collective impact score (community voting).
- Regression analysis can also be tested whether intrinsic motivation and empathy predict higher well-being than extrinsic motivators (money or fame).

## 6. Implementation Timeline

Phase	Timeline	Actions
<b>Design Phase</b>	1-2 Months	Recruit 50 student participants and design a digital platform for reporting and sharing.
<b>Pilot Phase</b>	3-5 Months	Run three monthly “altruism challenges.” Collect behavioral and well-being data.
<b>Evaluation Phase</b>	Month 6	Conduct regression analysis: link between risk-taking style, altruistic output, and happiness.

## 7. Conclusion

If money is a psychedelic drug, then behavioral design is the antidote. We design the proposal that turns the “money high” into meaningful contribution and sustainable happiness.

## 8. References

1. Petpailin, P. (2025, November 13). *3 Burmese suspects arrested for stealing 10 million baht from colleague*. Thaiger. <https://thethaiger.com/news/bangkok/3-burmese-suspects-arrested-for-stealing-10-million-baht-from-colleague>
2. Kahneman, D. (2011). *Thinking, fast and slow*. Farrar, Straus and Giroux.
3. Klimecki, O. M., Mayer, S. V., Jusyte, A., Scheeff, J., & Schönberg, M. (2016). Empathy promotes altruistic behavior in economic interactions. *Scientific Reports*, 6(1), 31961. <https://doi.org/10.1038/srep31961>
4. Nikolova, E., & Djankov, S. (2018, May 3). *Explaining Eastern Europe's happiness gap*. Peterson Institute for International Economics. <https://www.piie.com/commentary/op-eds/explaining-eastern-europes-happiness-gap>
5. Thaler, R. H. (2017). *Richard Thaler's Nobel Prize Lecture*. [Video]. YouTube. <https://www.youtube.com/watch?v=ej6cygeB2X0>
6. Amendolare, N. (n.d.). *What is the tragedy of the commons?* [Video]. YouTube. <https://www.youtube.com/watch?v=CxC161GvMPc>
7. Big Think. (2012, August 14). *Ending the tragedy of the commons | Elinor Ostrom* [Video]. YouTube. <https://www.youtube.com/watch?v=Qr5Q3Vvpl7w>
8. Klimecki, O. M., Mayer, S. V., Jusyte, A., Scheeff, J., & Schönberg, M. (2016). Empathy promotes altruistic behavior in economic interactions. *Scientific Reports*, 6(1), 31961. <https://doi.org/10.1038/srep31961>
9. Slovic, P., Finucane, M. L., Peters, E., & MacGregor, D. G. (2007). The affect heuristic. *European Journal of Operational Research*, 177(3), 1333–1352. <https://doi.org/10.1016/j.ejor.2005.04.006>
10. Aknin, L. B., Barrington-Leigh, C. P., Dunn, E. W., Helliwell, J. F., Burns, J., Biswas-Diener, R., Kemeza, I., Nyende, P., Ashton-James, C. E., & Norton, M. I. (2013). Prosocial spending and well-being: Cross-cultural evidence for a psychological

universal. *Journal of Personality and Social Psychology*, 104(4), 635–652.  
<https://doi.org/10.1037/a0031578>

11. Haushofer, J., & Fehr, E. (2014).

On the psychology of poverty. *Science*, 344(6186), 862–867.

<https://doi.org/10.1126/science.1232491>

12. Banerjee, A. V., & Duflo, E. (2011).

*Poor economics: A radical rethinking of the way to fight global poverty.*

PublicAffairs.

13. World Bank. (2015).

*World development report 2015: Mind, society, and behavior.* World Bank.

<https://www.worldbank.org/en/publication/wdr2015>