This handbook is a definitive source of path-breaking research on the economics of gambling. It is divided into sections on casinos, sports betting, horserace betting, betting strategy motivation, behaviour and decision-making in betting markets prediction markets and political betting, and lotteries and gambling machines.

In a complex and uncertain world, humans and animals make decisions under the constraints of limited knowledge, resources, and time. Yet models of rational decision making in economics, cognitive science, biology, and other fields largely ignore these real constraints and instead assume agents with perfect information and unlimited time. About forty years ago, Herbert Simon challenged this view with his notion of "bounded rationality." Today, bounded rationality has become a fashionable term used for disparate views of reasoning. This book promotes bounded rationality as the key to understanding how real people make decisions. Using the concept of an "adaptive toolbox," a repertoire of fast and frugal rules for decision making under uncertainty, it attempts to impose more order and coherence on the idea of bounded rationality. The contributors view bounded rationality neither as optimization under constraints nor as the study of people's reasoning fallacies. The strategies in the adaptive toolbox dispense with optimization and, for the most part, with calculations of probabilities and utilities. The book extends the concept of bounded rationality from cognitive tools to emotions; it analyzes social norms, imitation, and other cultural tools as rational strategies; and it shows how smart heuristics can exploit the structure of environments.

In recent decades, rational choice theory has emerged as the single most powerful, controversial claimant to provide a unified, theoretical framework for all the social sciences. In its simplest form, the theory postulates that humans are purposive beings who pursue their goals in a rational, efficient manner, seeking the greatest benefit at the lowest cost. This volume brings together prominent scholars working in several social science disciplines and the philosophy of science to debate the promise and problems of rational choice theory. As rational choice theory has spread from its home base in economics to other disciplines, it has come under fierce criticism. To its critics, the extension of the explanatory model mistakenly assumes that the logic of economic rationality can explain non-economic behavior and, at its worst, commits the ethnocentric
error of imposing Western concepts of rationality on non-Western societies and cultures. This volume includes strong advocates as well as forceful critics of the rational choice approach. However, in contrast to previous debates, all the contributors share a commitment to open, constructive and knowledgeable dialogue. Well-known advocates of rational choice theory (Michael Hechter, Michael Smith, Chris Manfredi) explicitly ponder some of its serious limitations, while equally well-known critics (Ian Shapiro, Mario Bunge) strike a surprisingly conciliatory tone in contemplating its legitimate uses. Vociferous critics of neoclassical economics (Bunge) favorably discuss sociological proponents of rational choice theory while two economists who are not particularly anti-mainstream (Robin Rowley, George Grantham) critically assess the problems of such assumptions in their discipline. Philosophers (Storrs McCall) and sociologists (John Hall) alike reflect on the variable meaning of rationality in explaining social behavior. In the introduction and conclusion, the editors survey the current state of the debate and show how open, constructive dialogue enables us to move beyond hackneyed accusations and dismissals that have characterized much previous debate.

Development economics and policy are due for a redesign. In the past few decades, research from across the natural and social sciences has provided stunning insight into the way people think and make decisions. Whereas the first generation of development policy was based on the assumption that humans make decisions deliberatively and independently, and on the basis of consistent and self-interested preferences, recent research shows that decision making rarely proceeds this way. People think automatically: when deciding, they usually draw on what comes to mind effortlessly. People also think socially: social norms guide much of behavior, and many people prefer to cooperate as long as others are doing their share. And people think with mental models: what they perceive and how they interpret it depend on concepts and worldviews drawn from their societies and from shared histories. The World Development Report 2015 offers a concrete look at how these insights apply to development policy. It shows how a richer view of human behavior can help achieve development goals in many areas, including early childhood development, household finance, productivity, health, and climate change. It also shows how a more subtle view of human behavior provides new tools for interventions. Making even minor adjustments to a decision-making context, designing interventions based on an understanding of social preferences, and exposing individuals to new experiences and ways of thinking may enable people to improve their lives. The Report opens exciting new avenues for development work. It shows that poverty is not simply a state of material deprivation, but also a tax on cognitive resources that affects the quality of decision making. It emphasizes that all humans, including experts and policy makers, are subject to psychological and social influences on thinking, and that development organizations could benefit from procedures to improve their own deliberations and decision making. It demonstrates the need for more discovery, learning, and adaptation in policy design and implementation. The new approach to development economics has immense promise. Its scope of application is vast. This Report introduces an important new agenda for the development community.

Experimental methods in economics respond to circumstances that are not completely dictated by accepted theory or outstanding problems. While the field of economics makes sharp distinctions and produces precise theory, the work of experimental economics sometimes appear blurred and may produce results that vary from strong support to little or partial support of the relevant theory. At a recent conference, a question was asked about where experimental methods might be more useful than field methods. Although many cannot be answered by experimental methods, there are questions that can only be answered by experiments. Much of the progress of experimental methods involves the posing of old or new questions in a way that experimental methods can be applied. The title of the book reflects the spirit of adventure that experimentalists share and focuses on experiments in general rather than forcing an organization into traditional categories
that do not fit. The emphasis reflects the fact that the results do not necessarily
demonstrate a consistent theme, but instead reflect bits and pieces of progress as
opportunities to pose questions become recognized. This book is a result of an invitation
sent from the editors to a broad range of experimenters asking them to write brief notes
describing specific experimental results. The challenge was to produce pictures and
tables that were self-contained so the reader could understand quickly the essential
nature of the experiments and the results.

Now available: Nudge: The Final Edition The original edition of the multimillion-copy New
York Times bestseller by the winner of the Nobel Prize in Economics, Richard H. Thaler,
and Cass R. Sunstein: a revelatory look at how we make decisions—for fans of Malcolm
Gladwell’s Blink, Charles Duhigg’s The Power of Habit, James Clear’s Atomic Habits, and
Daniel Kahneman’s Thinking, Fast and Slow Named a Best Book of the Year by The
Economist and the Financial Times Every day we make choices—about what to buy or eat,
about financial investments or our children’s health and education, even about the causes
we champion or the planet itself. Unfortunately, we often choose poorly. Nudge is about
how we make these choices and how we can make better ones. Using dozens of eye-
opening examples and drawing on decades of behavioral science research, Nobel Prize
winner Richard H. Thaler and Harvard Law School professor Cass R. Sunstein show that
no choice is ever presented to us in a neutral way, and that we are all susceptible to biases
that can lead us to make bad decisions. But by knowing how people think, we can use
sensible “choice architecture” to nudge people toward the best decisions for ourselves,
our families, and our society, without restricting our freedom of choice.

Behavioural economics and behavioural finance are rapidly expanding fields that are
continually growing in prominence. While orthodox economic models are built upon
restrictive and simplifying assumptions about rational choice and efficient markets,
behavioural economics offers a robust alternative using insights and evidence that rest
more easily with our understanding of how real people think, choose and decide. This
insightful textbook introduces the key concepts from this rich, interdisciplinary approach
to real-world decision-making. This new edition of Behavioural Economics and Finance is
a thorough extension of the first edition, including updates to the key chapters on
prospect theory; heuristics and bias; time and planning; sociality and identity; bad habits;
personality, moods and emotions; behavioural macroeconomics; and well-being and
happiness. It also includes a number of new chapters dedicated to the themes of
incentives and motivations, behavioural public policy and emotional trading. Using
pedagogical features such as chapter summaries and revision questions to enhance
reader engagement, this text successfully blends economic theories with cutting-edge
multidisciplinary insights. This second edition will be indispensable to anyone interested
in how behavioural economics and finance can inform our understanding of consumers’
and businesses’ decisions and choices. It will appeal especially to undergraduate and
graduate students but also to academic researchers, public policy-makers and anyone
interested in deepening their understanding of how economics, psychology and sociology
interact in driving our everyday decision-making.

At a time when both scholars and the public demand explanations and answers to key
economic problems that conventional approaches have failed to resolve, this
groundbreaking handbook of original works by leading behavioral economists offers the
first comprehensive articulation of behavioral economics theory. Borrowing from the
findings of psychologists, sociologists, political scientists, legal scholars, and biologists,
among others, behavioral economists find that intelligent individuals often tend not to
behave as effectively or efficiently in their economic decisions as long held by
conventional wisdom. The manner in which individuals actually do behave critically
depends on psychological, institutional, cultural, and even biological considerations.
"Handbook of Contemporary Behavioral Economics" includes coverage of such critical areas as the Economic Agent, Context and Modeling, Decision Making, Experiments and Implications, Labor Issues, Household and Family Issues, Life and Death, Taxation, Ethical Investment and Tipping, and Behavioral Law and Macroeconomics. Each contribution includes an extensive bibliography.

A collection of articles that includes both refereed articles and review essays of books in the history of economic thought and methodology. It highlights research the historiography and methodology of the English Poor Laws, behavioural economics, and the socialist calculation debate; as well as AD Roy and portfolio theory.

Argues that public finance--the study of the government's role in economics--should incorporate principles from behavior economics and other branches of psychology.

Recognising that the economy is a complex system with boundedly rational interacting agents, applies complexity modelling to economics and finance.

Winner of the Nobel Memorial Prize in Economic Sciences Richard Thaler challenges the received economic wisdom by revealing many of the paradoxes that abound even in the most painstakingly constructed transactions. He presents literate, challenging, and often funny examples of such anomalies as why the winners at auctions are often the real losers—they pay too much and suffer the "winner's curse"—why gamblers bet on long shots at the end of a losing day, why shoppers will save on one appliance only to pass up the identical savings on another, and why sports fans who wouldn't pay more than $200 for a Super Bowl ticket wouldn't sell one they own for less than $400. He also demonstrates that markets do not always operate with the traplike efficiency we impute to them.

This book contains the most sustained and serious attack on mainstream, neoclassical economics in more than forty years. Nelson and Winter focus their critique on the basic question of how firms and industries change overtime. They marshal significant objections to the fundamental neoclassical assumptions of profit maximization and market equilibrium, which they find ineffective in the analysis of technological innovation and the dynamics of competition among firms. To replace these assumptions, they borrow from biology the concept of natural selection to construct a precise and detailed evolutionary theory of business behavior. They grant that firms are motivated by profit and engage in search for ways of improving profits, but they do not consider them to be profit maximizing. Likewise, they emphasize the tendency for the more profitable firms to drive the less profitable ones out of business, but they do not focus their analysis on hypothetical states of industry equilibrium. The results of their new paradigm and analytical framework are impressive. Not only have they been able to develop more coherent and powerful models of competitive firm dynamics under conditions of growth and technological change, but their approach is compatible with findings in psychology and other social sciences. Finally, their work has important implications for welfare economics and for government policy toward industry.

Standard economics theory is built on the assumption that human beings act rationally in their own self interest. But if rationality is such a reliable factor, why do economic models so often fail to predict market behavior accurately? According to Richard Thaler, the shortcomings of the standard approach arise from its failure to take into account systematic mental biases that color all human judgments and decisions.

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so often fail to predict market behavior accurately? According to Richard Thaler, the shortcomings of the standard approach arise from its failure to take into account systematic mental biases that color all human judgments and decisions.

This work explains that equilibrium is the long-run outcome of a process in which non-fully rational players search for optimality over time. The models they explore provide a foundation for equilibrium theory and suggest ways for economists to evaluate and modify traditional equilibrium concepts.

From the O.J. Simpson verdict to peace-making in the Balkans, the critical role of human judgement--complete with its failures, flaws, and successes--has never been more hotly debated and analyzed than it is today. This landmark work examines the dynamics of judgement and its impact on events that take place in human society, which require the direction and control of social policy. Research on social policy typically focuses on content. This book concentrates instead on the decision-making process itself. Drawing on 50 years of empirical research in decision theory, Hammond examines the possibilities for wisdom and cognitive competence in the formation of social policies, and applies these lessons to specific examples, such as the space shuttle Challenger disaster and the health care debate. Uncertainly, he tells us, can seldom be fully eliminated; thus error is inevitable, and injustice for some unavoidable. But the capacity for make wise judgments increases to the extent that we understand the potential pitfalls and their origin. The judgment process for example involves an ongoing rivalry between intuition and analysis, accuracy and rationality. The source of this tension requires an examination of the evolutionary roots of human judgement and how these fundamental features may be changing as our civilization increasingly becomes an information and knowledge-based society. With numerous examples from law, medicine, engineering, and economics, the author dramatizes the importance of judgment and its role in the formation of social policies which affect us all, and issues the first comprehensive examination of its underlying dynamics.

In Consistency, Choice, and Rationality, economic theorists Walter Bossert and Kotaro Suzumura present a thorough mathematical treatment of Suzumura consistency, an alternative to established coherence properties such as transitivity, quasi-transitivity, or acyclicity. Applications in individual and social choice theory, fields important not only to economics but also to philosophy and political science, are discussed. Specifically, the authors explore topics such as rational choice and revealed preference theory, and collective decision making in an atemporal framework as well as in an intergenerational setting.

This is a one-of-kind volume bringing together leading scholars in the economics of religion for the first time. The treatment of topics is interdisciplinary, comparative, as well as global in nature. Scholars apply the economics of religion approach to contemporary issues such as immigrants in the United States and ask historical questions such as why did Judaism as a religion promote investment in education? The economics of religion applies economic concepts (for example, supply and demand) and models of the market to the study of religion. Advocates of the economics of religion approach look at ways in which the religion market influences individual choices as well as institutional development. For example, economists would argue that when a large denomination declines, the religion is not supplying the right kind of religious good that appeals to the faithful. Like firms, religions compete and supply goods. The economics of religion approach using rational choice theory, assumes that all human beings, regardless of their cultural context, their socio-economic situation, act rationally to further his/her ends. The wide-ranging topics show the depth and breadth of the approach to the study of religion.

Winner of the Nobel Prize in Economics Get ready to change the way you think about
economics. Nobel laureate Richard H. Thaler has spent his career studying the radical notion that the central agents in the economy are humans—predictable, error-prone individuals. Misbehaving is his arresting, frequently hilarious account of the struggle to bring an academic discipline back down to earth—and change the way we think about economics, ourselves, and our world. Traditional economics assumes rational actors. Early in his research, Thaler realized these Spock-like automatons were nothing like real people. Whether buying a clock radio, selling basketball tickets, or applying for a mortgage, we all succumb to biases and make decisions that deviate from the standards of rationality assumed by economists. In other words, we misbehave. More importantly, our misbehavior has serious consequences. Dismissed at first by economists as an amusing sideshow, the study of human miscalculations and their effects on markets now drives efforts to make better decisions in our lives, our businesses, and our governments. Coupling recent discoveries in human psychology with a practical understanding of incentives and market behavior, Thaler enlightens readers about how to make smarter decisions in an increasingly mystifying world. He reveals how behavioral economic analysis opens up new ways to look at everything from household finance to assigning faculty offices in a new building, to TV game shows, the NFL draft, and businesses like Uber. Laced with antic stories of Thaler’s spirited battles with the bastions of traditional economic thinking, Misbehaving is a singular look into profound human foibles. When economics meets psychology, the implications for individuals, managers, and policy makers are both profound and entertaining. Shortlisted for the Financial Times & McKinsey Business Book of the Year Award

Handbook of Behavioral Economics: Foundations and Applications presents the concepts and tools of behavioral economics. Its authors are all economists who share a belief that the objective of behavioral economics is to enrich, rather than to destroy or replace, standard economics. They provide authoritative perspectives on the value to economic inquiry of insights gained from psychology. Specific chapters in this first volume cover reference-dependent preferences, asset markets, household finance, corporate finance, public economics, industrial organization, and structural behavioural economics. This Handbook provides authoritative summaries by experts in respective subfields regarding where behavioral economics has been; what it has so far accomplished; and its promise for the future. This taking-stock is just what Behavioral Economics needs at this stage of its so-far successful career. Helps academic and non-academic economists understand recent, rapid changes in theoretical and empirical advances within behavioral economics Designed for economists already convinced of the benefits of behavioral economics and mainstream economists who feel threatened by new developments in behavioral economics Written for those who wish to become quickly acquainted with behavioral economics

The Beginnings of Behavioral Economics: Katona, Simon, and Leibenstein’s X-Efficiency Theory explores the mid-20th century roots of behavioral economics, placing the origin of this now-dominant approach to economic theory many years before the groundbreaking 1979 work on prospect theory by Daniel Kahneman and Amos Tversky. It discusses the work of Harvey Leibenstein, Herbert Simon, George Katona, and Frederick Hayek, reintroducing their contributions as founding pillars of the behavioral approach. It concentrates on the work of Leibenstein, reviewing his nuanced introduction of X-efficiency theory. Building from these foundations, the work explores the body of empirical research on market power and firm behavior - XE relationship. This book is a tremendous resource for graduate students and early career researchers in behavioral economics, experimental economics, organizational economics, social and organizational psychology, labor market economics and public policy. Reviews the powerful, but neglected contributions of mid-20th century scholars, like Leibenstein and Katona in building the roots of behavioral economic theory Amalgamates and reviews 50 years of empirical research and over 200 empirical papers on X-efficiency theory Establishes how
X-efficiency can aid modern behavioral economics in further developing firm theory and understanding efficiency wages

A fascinating journey into the hidden psychological influences that derail our decision-making, Sway will change the way you think about the way you think. Why is it so difficult to sell a plummeting stock or end a doomed relationship? Why do we listen to advice just because it came from someone “important”? Why are we more likely to fall in love when there’s danger involved? In Sway, renowned organizational thinker Ori Brafman and his brother, psychologist Rom Brafman, answer all these questions and more. Drawing on cutting-edge research from the fields of social psychology, behavioral economics, and organizational behavior, Sway reveals dynamic forces that influence every aspect of our personal and business lives, including loss aversion (our tendency to go to great lengths to avoid perceived losses), the diagnosis bias (our inability to reevaluate our initial diagnosis of a person or situation), and the “chameleon effect” (our tendency to take on characteristics that have been arbitrarily assigned to us). Sway introduces us to the Harvard Business School professor who got his students to pay $204 for a $20 bill, the head of airline safety whose disregard for his years of training led to the transformation of an entire industry, and the football coach who turned conventional strategy on its head to lead his team to victory. We also learn the curse of the NBA draft, discover why interviews are a terrible way to gauge future job performance, and go inside a session with the Supreme Court to see how the world’s most powerful justices avoid the dangers of group dynamics. Every once in a while, a book comes along that not only challenges our views of the world but changes the way we think. In Sway, Ori and Rom Brafman not only uncover rational explanations for a wide variety of irrational behaviors but also point readers toward ways to avoid succumbing to their pull.

In this book, David K. Levine questions the idea that behavioral economics is the answer to economic problems. He explores the successes and failures of contemporary economics both inside and outside the laboratory, and asks whether popular behavioral theories of psychological biases are solutions to the failures. The book not only provides an overview of popular behavioral theories and their history, but also gives the reader the tools for scrutinizing them.

Why do consumer prices and wages adjust so slowly to changes in market conditions? The rigidity or stickiness of price setting in business is central to Keynesian economic theory and a key to understanding how monetary policy works, yet economists have made little headway in determining why it occurs. Asking About Prices offers a groundbreaking empirical approach to a puzzle for which theories abound but facts are scarce. Leading economist Alan Blinder, along with co-authors Elie Canetti, David Lebow, and Jeremy B. Rudd, interviewed a national, multi-industry sample of 200 CEOs, company heads, and other corporate price setters to test the validity of twelve prominent theories of price stickiness. Using everyday language and pertinent scenarios, the carefully designed survey asked decisionmakers how prominently these theoretical concerns entered into their own attitudes and thought processes. Do businesses tend to view the costs of changing prices as prohibitive? Do they worry that lower prices will be equated with poorer quality goods? Are firms more likely to try alternate strategies to changing prices, such as warehousing excess inventory or improving their quality of service? To what extent are prices held in place by contractual agreements, or by invisible handshakes? Asking About Prices offers a gold mine of previously unavailable information. It affirms the widespread presence of price stickiness in American industry, and offers the only available guide to such business details as what fraction of goods are sold by fixed price contract, how often transactions involve repeat customers, and how and when firms review their prices. Some results are surprising: contrary to popular wisdom, prices do not increase more easily than they decrease, and firms do not appear to practice anticipatory pricing, even when they can foresee cost increases. Asking About Prices also offers a
chapter-by-chapter review of the survey findings for each of the twelve theories of price stickiness. The authors determine which theories are most popular with actual price setters, how practices vary within different business sectors, across firms of different sizes, and so on. They also direct economists' attention toward a rationale for price stickiness that does not stem from conventional theory, namely a strong reluctance by firms to antagonize or inconvenience their customers. By illuminating how company executives actually think about price setting, Asking About Prices provides an elegant model of a valuable new approach to conducting economic research.

This book offers a definitive and wide-ranging overview of developments in behavioral finance over the past ten years. In 1993, the first volume provided the standard reference to this new approach in finance--an approach that, as editor Richard Thaler put it, "entertains the possibility that some of the agents in the economy behave less than fully rationally some of the time." Much has changed since then. Not least, the bursting of the Internet bubble and the subsequent market decline further demonstrated that financial markets often fail to behave as they would if trading were truly dominated by the fully rational investors who populate financial theories. Behavioral finance has made an indelible mark on areas from asset pricing to individual investor behavior to corporate finance, and continues to see exciting empirical and theoretical advances. Advances in Behavioral Finance, Volume II constitutes the essential new resource in the field. It presents twenty recent papers by leading specialists that illustrate the abiding power of behavioral finance--of how specific departures from fully rational decision making by individual market agents can provide explanations of otherwise puzzling market phenomena. As with the first volume, it reaches beyond the world of finance to suggest, powerfully, the importance of pursuing behavioral approaches to other areas of economic life. The contributors are Brad M. Barber, Nicholas Barberis, Shlomo Benartzi, John Y. Campbell, Emil M. Dabora, Daniel Kent, François Degeorge, Kenneth A. Froot, J. B. Heaton, David Hirshleifer, Harrison Hong, Ming Huang, Narasimhan Jegadeesh, Josef Lakonishok, Owen A. Lamont, Roni Michaely, Terrance Odean, Jayendu Patel, Tano Santos, Andrei Shleifer, Robert J. Shiller, Jeremy C. Stein, Avanidhar Subrahmanyam, Richard H. Thaler, Sheridan Titman, Robert W. Vishny, Kent L. Womack, and Richard Zeckhauser.

The principal findings of experimental economics are that impersonal exchange in markets converges in repeated interaction to the equilibrium states implied by economic theory, under information conditions far weaker than specified in the theory. In personal, social, and economic exchange, as studied in two-person games, cooperation exceeds the prediction of traditional game theory. This book relates these two findings to field studies and applications and integrates them with the main themes of the Scottish Enlightenment and with the thoughts of F. A. Hayek: through emergent socio-economic institutions and cultural norms, people achieve ends that are unintended and poorly understood. In cultural changes, the role of constructivism, or reason, is to provide variation, and the role of ecological processes is to select the norms and institutions that serve the fitness needs of societies.

"This book is refreshing, innovative and important for several reasons. Perhaps most importantly, it attempts to reconcile game theory with one-person decision theory by viewing a game as a collection of one-person decision problems. As natural as this approach may seem, it is hard to find game theory books that really implement this view. This book is a wonderful exception, in which the transition between decision theory and game theory is both smooth and natural. It shows that decision theory and game theory can go—and, in fact, must go—hand in hand. The careful exposition, the many illustrative examples, the critical assessment of traditional game theory concepts, and the enlightening comparison with the subjectivistic approach advocated in this book, make it a pleasure to read and a must have for anyone interested in the foundations of decision
theory and game theory." Andrés Perea (Maastricht University) "Gabriel Frahm's relatively non-technical book is a bold synthesis of decision theory and game theory from a Bayesian or subjectivist perspective. It distinguishes between decisions, or one-person games, and games with two or more players, but Frahm argues that this distinction is not always necessary—the two kinds of games can be analyzed within a common theoretical framework. He models the dynamics of choice in several different settings (e.g., information may be complete or incomplete as well as perfect or imperfect), including one in which players look ahead and make farsighted calculations on which they base their choices. His book contains many provocative examples that illustrate the advantages of a unified theory of rational decision-making." Steven J. Brams (New York University)

This book contains a collection of original and state-of-the-art contributions in rational choice and general equilibrium theory. Among the topics are preferences, demand, equilibrium, core allocations, and testable restrictions. The contributing authors are Daniel McFadden, Rosa Matzkin, Emma Moreno-Garcia, Roger Lagunoff, Yakar Kannai, Myrna Wooders, James Moore, Ted Bergstrom, Luca Anderlini, Lin Zhou, Mark Bagnoli, Alexander Kovalenkov, Carlos Herves-Beloso, Michaela Topuzu, Bernard Cornet, Andreu Mas-Colell and Nicholas Yannelis.

This work examines the definition and evolution of sin from the perspective of rational choice economics. The author argues that because engaging in activities deemed to be sinful is an act of choice, it can therefore be subject to the logic of choice in the economic model.

This paper is an attempt to broaden the standard economic discourse by importing insights into human behavior not just from psychology, but also from sociology and anthropology. Whereas the concept of the decision-maker is the rational actor in standard economics and, in early work in behavioral economics, the quasi-rational actor influenced by the context of the moment of decision-making, in some recent work in behavioral economics the decision-maker could be called the enculturated actor. This actor's preferences and cognition are subject to two deep social influences: (a) the social contexts to which he has become exposed and, especially accustomed; and (b) the cultural mental models—including categories, identities, narratives, and worldviews—that he uses to process information. We trace how these factors shape individual behavior through the endogenous determination of both preferences and the lenses through which individuals see the world—their perception, categorization, and interpretation of situations. We offer a tentative taxonomy of the social determinants of behavior and describe results of controlled and natural experiments that only a broader view of the social determinants of behavior can plausibly explain. The perspective suggests new tools to promote well-being and economic development.

This text offers a perspective on increasing evidence of financial and economic anomalies and argues for a comprehensive behavioural framework for economies and finance that shows how factors allied to psychological and sociological issues are relevant.

Twenty years ago, behavioral economics did not exist as a field. Most economists were deeply skeptical—even antagonistic—toward the idea of importing insights from psychology into their field. Today, behavioral economics has become virtually mainstream. It is well represented in prominent journals and top economics departments, and behavioral economists, including several contributors to this volume, have garnered some of the most prestigious awards in the profession. This book assembles the most important papers on behavioral economics published since around 1990. Among the 23 articles are many that update and extend earlier foundational contributions, as well as cutting-edge papers that break new theoretical and empirical ground. Advances in Behavioral Economics will serve as the definitive one-volume resource for those who want to
familiarize themselves with the new field or keep up-to-date with the latest developments. It will not only be a core text for students, but will be consulted widely by professional economists, as well as psychologists and social scientists with an interest in how behavioral insights are being applied in economics. The articles, which follow Colin Camerer and George Loewenstein's introduction, are by the editors, George A. Akerlof, Linda Babcock, Shlomo Benartzi, Vincent P. Crawford, Peter Diamond, Ernst Fehr, Robert H. Frank, Shane Frederick, Simon Gächter, David Genesove, Itzhak Gilboa, Uri Gneezy, Robert M. Hutchens, Daniel Kahneman, Jack L. Knetsch, David Laibson, Christopher Mayer, Terrance Odean, Ted O'Donoghue, Aldo Rustichini, David Schmeidler, Klaus M. Schmidt, Eldar Shafir, Hersh M. Shefrin, Chris Starmer, Richard H. Thaler, Amos Tversky, and Janet L. Yellen.

This book presents a history of behavioral economics. The recurring theme is that behavioral economics reflects and contributes to a fundamental reorientation of the epistemological foundations upon which economics had been based since the days of Smith, Ricardo, and Mill. With behavioral economics, the discipline has shifted from grounding its theories in generalized characterizations to building theories from behavioral assumptions directly amenable to empirical validation and refutation. The book proceeds chronologically and takes the reader from von Neumann and Morgenstern's axioms of rational behavior, through the incorporation of rational decision theory in psychology in the 1950s–70s, to the creation and rise of behavioral economics in the 1980s and 1990s at the Sloan and Russell Sage Foundations.

Presents jokes, puns, riddles, knock-knocks, and cartoons about cats and mice.

A definitive and wide-ranging overview of developments in behavioural finance over the past ten years. This second volume presents twenty recent papers by leading specialists that illustrate the abiding power of behavioural finance.

Utility is a key concept in the economics of individual decision-making. However, utility is not measurable in a straightforward way. As a result, from the very beginning there has been debates about the meaning of utility as well as how to measure it. This book is an innovative investigation of how these arguments changed over time. Measuring Utility reconstructs economists' ideas and discussions about utility measurement from 1870 to 1985, as well as their attempts to measure utility empirically. The book brings into focus the interplay between the evolution of utility analysis, economists' ideas about utility measurement, and their conception of what measurement in general means. It also explores the relationships between the history of utility measurement in economics, the history of the measurement of sensations in psychology, and the history of measurement theory in general. Finally, the book discusses some methodological problems related to utility measurement, such as the epistemological status of the utility concept and its measures. The first part covers the period 1870-1910, and discusses the issue of utility measurement in the theories of Jevons, Menger, Walras and other early utility theorists. Part II deals with the emergence of the notions of ordinal and cardinal utility during the period 1900-1945, and discusses two early attempts to give an empirical content to the notion of utility. Part III focuses on the 1945-1955 debate on utility measurement that was originated by von Neumann and Morgenstern's expected utility theory (EUT). Part IV reconstructs the experimental attempts to measure the utility of money between 1950 and 1985 within the framework provided by EUT. This historical and epistemological overview provides keen insights into current debates about rational choice theory and behavioral economics in the theory of individual decision-making and the philosophy of economics.

The dominant hypothesis in mainstream economics is the assumption of prefect rationality. However, there are two dilemmas: Whenever this assumption was used empirical evidence turned out to be against it. Secondly, this assumption is far from
reality, for example, because individuals usually do not possess all relevant information. Therefore, this volume addresses issues of bounded rationality in different areas. The first part investigates bounded rationality in financial markets, the second part investigates the effects of bounded rationality on industrial organizations and the third part deals with bounded rationality in price theory, environmental economics and public management.

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