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## THE BEHAVIORAL ECONOMICS AND POLITICS OF GLOBAL WARMING

*Unsettling Behaviors*

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# The Behavioral Economics and Politics of Global Warming

## Unsettling Behaviors

Elements in Quantitative Finance

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**Abstract:** The main goal of this Element is to provide a psychological explanation for why actual global climate policy is so greatly at odds with the prescriptions of most neoclassical economists. To be sure, the behavioral approach does focus on why neoclassical models are often psychologically unrealistic. However, in this Element the author argues that the unrealistic elements are minor compared to the psychological pitfalls driving politically determined climate policy. Why this is the case is what the author describes as the “big behavioral question.” More precisely, the big behavioral question asks about unsettling behaviors, why there is a huge gap between actual policy and even the weakest of the prescriptions in the range of plausible recommendations coming from neoclassical economists’ integrated assessment models. This title is also available as Open Access on Cambridge Core.

**Keywords:** warming, irrational, behavioral, fear, hope

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