BEHAVIORAL ECONOMICS: A HISTORY

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 on 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. Central in this reorientation is the adoption of a normative-descriptive framework at the expense of economists’ traditional positive-normative distinction. 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 from the 1950s through the 1970s and to the creation and rise of behavioral economics in the 1980s and the 1990s at the Sloan and Russell Sage Foundations.

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To Marielle,
Kiki, & Pepijn
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Acknowledgments

From vigilant supervisors of the PhD thesis (2008) that lies at the basis of the present book, John Davis and Harro Maas became professional colleagues. This book owes much, if not everything, to them, and I feel proud to now count them among my friends. It is similarly difficult to overestimate the support of Jan Peil, Esther-Mirjam Sent, and Radboud University Nijmegen. By offering me a permanent position they provided the predictability of a stable job that allowed me to complete this project.

It seems impossible to thank all the individual members of the intellectual community of History of Economics in particular in which this book and its content were conceived, tested, challenged, and many times rewritten, so perhaps I may be forgiven for only thanking explicitly those who commented on the manuscript at various stages (in addition to the four above): Roger Backhouse, Mark Blaug†, Marcel Boumans, Beatrice Cherrier, Annie Cot, Till Düppe, Ross Emmett, Philippe Fontaine, Craufurd Goodwin, Wade Hands, Klaas Landsman, Robert Leonard, Tiago Mata, Steve Medema, Phil Mirowski, Malcolm Rutherford, Andrej Svorencik, Roy Weintraub, and Carlo Zappia.

Furthermore, this book would not have been possible without the help of archivists at the various archives consulted. In particular, I would like to thank Rockefeller Archive Center’s Amy Fitch, who not only keenly noted I might be interested in those unorganized boxes of Sloan/Sage behavioral economics material that had come in two days prior to my visit, but who also made me aware of a RAC grant-in-aid, with which I was subsequently able to study the files in those boxes more carefully.

A number of protagonists of my story were kind to answer queries by email, or in longer face-to-face interviews, including William Baumol, Robyn Dawes, Gerd Gigerenzer, Lyle Jones, Daniel Kahneman, David Krantz, George Loewenstein, James March, Robert Pachella, Stephen
Acknowledgments

Richards, Timothy Taylor, Richard Thaler, Barbara Tversky, and Eric Wanner. Dave Krantz may not have realized how much his enthusiasm to openly discuss mathematical psychology’s early history at the University of Michigan and his permission to draw on his correspondence with Amos Tversky advanced my understanding of this period and topic. Similarly, I cannot but admire and deeply thank Eric Wanner’s willingness to extensively discuss the history of the Sloan/Sage behavioral economics project, and to make available its archival records.

As the editors of Cambridge University Press, Craufurd Goodwin, Scott Parris, and Kristin Purdy courageously accepted my idea to publish a book on the history of behavioral economics and devised a reviewing process that turned my manuscript into a book. I would like to sincerely thank the three anonymous reviewers for the innumerable helpful suggestions and comments they offered, but at least as importantly also because of the triangulation of perspectives they offered, which in a way made me read my own manuscript.


While writing this book I fell in love with Marielle and became the proud father of Kiki and Pepijn. It is to them I dedicate this book.