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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.

Floris Heukelom is Assistant Professor of Economics, Radboud University Nijmegen. He specializes in the use of the experiment in twentieth-century economics and psychology. He has published in *Science in Context*, the *Journal of the History of the Behavioral Sciences*, *History of Political Economy*, and the *Journal of Economic Methodology*, among others.

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*To Marielle,
Kiki, & Pepijn*

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The material in this book relies on a number of articles I have previously published. Chapter 3 is an extended and amended version of "Measurement and Decision Making at the University of Michigan in the 1950s and 1960s." *Journal of the History of the Behavioral Sciences* (2010), 46(2): 187–205. Parts of Chapter 4 draw on parts of "Three Explanations for the Kahneman-Tversky Programme of the 1970s." *The European Journal of the History of Economic Thought* (2012), 19(5): 797–828. Chapter 5 combines and extends "What to Conclude from Psychological Experiments: The Contrasting Cases of Experimental and Behavioral Economics." *History of Political Economy* (2011), 43(4): 649–682; as well as "A Sense of Mission – The Alfred P. Sloan and Russell Sage Foundations Behavioral Economics Program, 1984–1992." *Science in Context* (2012), 25(2): 263–283. Chapter 6 draws on "Building and Defining Behavioral Economics." *Research in History of Economic Thought and Methodology* (2011), 29: 1–29.

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.