

The Psychology of Economic Decisions

VOLUME I

RATIONALITY AND WELL-BEING

¹ Edited by
ISABELLE BROCAS
and
JUAN D. CARRILLO

OXFORD
UNIVERSITY PRESS

Contents

<i>List of Figures</i> •	ix
<i>List of Tables</i> ' ,	xi
Introduction <i>Isabelle Brocas and Juan D. Carrillo</i>	xiii
PART I. THE CAUSES AND CONSEQUENCES OF 'IRRATIONAL' CONDUCTS	
1. The Psychology of Irrationality: Why People Make Foolish, Self-Defeating Choices < <i>Roy F. Baumeister</i>	3
2. Irrational Pursuits: Hyper-Incentives From a Visceral Brain <i>Kent C. Berridge</i>	17
3. The Pursuit and Assessment of Happiness can be Self-Defeating <i>Jonathan W. Schooler, Dan Ariely, and George Loewenstein</i>	41
PART II. IMPERFECT SELF-KNOWLEDGE AND THE ROLE OF INFORMATION	
4. Behavioral Policy <i>Andrew Caplin and John Leahy</i>	73
5. Information and Self-Control <i>Isabelle Brocas and Juan D. Carrillo</i>	89
6. Self-Signaling and Diagnostic Utility in Everyday Decision Making <i>Ronit Bodner and Drazen Prelec</i>	105
PART III. IMPERFECT MEMORY AND LIMITED CAPACITY TO PROCESS INFORMATION	
7. Mental Accounting and the Absent-minded Driver <i>Itzhak Gilboa and Eva Gilboa-Schechtman</i>	127
8. Self-Knowledge and Self-Regulation: An Economic Approach <i>Roland Benabou and Jean Tirole</i>	137
9. A New Challenge for Economics: 'The Frame Problem' <i>Xavier Gabaïr and David Laibson</i>	169

PART IV. TIME AND UTILITY

- | | |
|--|-----|
| 10. Experienced Utility and Objective Happiness:
A Moment-Based Approach
<i>Daniel Kahneman</i> | 187 |
| 11. Making Sense: the Causes of Emotional Evanescence
<i>Timothy D. Wilson, Daniel T. Gilbert, and David B. Centerbar</i> | 209 |
| 12. Temporal Construal Theory of Time-Dependent Preferences
<i>Yaacov Trope and Nira Liberman</i> | 235 |

PART V. EXPERIMENTAL PRACTICES IN PSYCHOLOGY,
ECONOMICS, AND FINANCE^A

- | | |
|---|---------|
| 13. Economists' and Psychologists' Experimental Practices:
How They Differ, Why They Differ, and How They Could Converge
<i>Ralph Hertwig and Andreas Ortmann</i> | 253 |
| 14. Psychology and the Financial Markets: Applications to
Understanding and Remediating Irrational Decision-Making
<i>Denis J. Hilton</i> | 273 |
| 15. What Causes Nominal Inertia? Insights From
Experimental Economics
<i>Ernst Fehr and Jean-Robert Tyran</i> | 299 |
|
<i>Index</i> |
315 |