



# Psychology, Rationality and Economic Behaviour

## *Challenging Standard Assumptions*

Edited by Bina Agarwal and Alessandro Vercelli

Economics has paid little attention to the psychology of economic behavior, leading to somewhat simplistic assumptions about human nature. The psychological aspects have typically been reduced to assumptions of standard utility theory, based on a narrow conception of rationality, often called "substantive rationality". However, recent work, some theoretic, some based on experimental economics or an empirical analysis of existing data, challenges these assumptions and forefronts the psychological dimensions of economic decisions. The essays in this volume provide a glimpse of this exciting and newly emerging field.

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International Economic Association Conference Volumes  
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