

# Selected Readings to Accompany *A Course in Behavioral Economics*, 3rd. Ed.

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This document contains a set of recommended readings to accompany Erik Angner's textbook *A Course in Behavioral Economics*, 3rd. Ed. (London: Red Globe Press, 2021). The book is an introduction to the increasingly influential discipline of **behavioral economics**: the effort to provide economics with more psychologically plausible foundations. For more information about the book, please refer to the publisher's website.

**To the reader.** This collection of readings was assembled for the benefit of teachers, students, and general readers who want to delve deeper into the material discussed in the book. The organization of the collection mirrors that of the book. For copyright reasons, the reader does not contain full-text articles. Most research libraries offer full online access to these works. If you're on a university campus, you should be able to download the text by simply clicking on the relevant link.

**To the instructor.** This collection was also designed to serve as a basis for upper- or graduate-level course in behavioral economics. Assuming students have library privileges, as is usual, this reader can be distributed as is directly to the students; while it can be edited to suit your needs, it requires no action on your part.

This reader will be updated irregularly. I would be most grateful for suggestions for improvement.

NB: Entries preceded by an asterisk (\*) link to Google Books and a limited preview only.

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## Chapter 1

### Section 1.2: The origins of behavioral economics

Angner & Loewenstein (2012), “Behavioral economics,” in Mäki, ed., *Handbook of the Philosophy of Science: Philosophy of Economics*, Amsterdam: Elsevier, pp. 641–690. <http://dx.doi.org/10.1016/B978-0-444-51676-3.50022-1>

## Chapter 3

### Section 3.2: Opportunity costs

Frank (2005), “The Opportunity Cost of Economics Education,” *New York Times*, Sept. 1, p. C2.  
<http://www.nytimes.com/2005/09/01/business/01scene.html>

### Section 3.3: Sunk costs

Arkes & Blumer (1985), “The psychology of sunk cost,” *Organizational Behavior and Human Decision Processes*, 35 (1), 124–140.  
[https://doi.org/10.1016%2F0749-5978\(85\)90049-4](https://doi.org/10.1016%2F0749-5978(85)90049-4)

### Section 3.4: Menu dependence and the decoy effect

Huber, Payne, & Puto (1982), “Adding asymmetrically dominated alternatives: Violations of regularity and the similarity hypothesis,” *The Journal of Consumer Research*, 9(1), 90–98. <http://www.jstor.org/stable/2488940>

### Section 3.5: Loss aversion and the endowment effect

Kahneman, Knetsch, & Thaler (1991), “Anomalies: The endowment effect, loss aversion, and status quo bias,” *The Journal of Economic Perspectives*, 5 (1), 193–206. <http://www.jstor.org/stable/1942711>

### Section 3.6: Anchoring and adjustment

Section titled “Anchoring and Adjustment” in Tversky & Kahneman (1974), “Judgment under uncertainty: Heuristics and biases,” *Science*, 185 (4157), 1124–1131. <https://doi.org/10.1126%2Fscience.185.4157.1124>

Ariely, Loewenstein, & Prelec (2003), “‘Coherent arbitrariness’: Stable demand curves without stable preferences,” *The Quarterly Journal of Economics*, 118 (1), 73–105. <http://www.jstor.org/stable/25053899>

## Chapter 5

### Section 5.2 The gambler's fallacy

Keren & Lewis (1994), "The two fallacies of gamblers: Type I and Type II," *Organizational Behavior and Human Decision Processes*, 60 (1), 75–89. <https://doi.org/10.1006%2Fobhd.1994.1075>

### Section 5.3: Conjunction and disjunction fallacies

Section titled "Representativeness" in Tversky & Kahneman (1974), "Judgment under uncertainty: Heuristics and biases," *Science*, 185 (4157), 1124–1131. See Section 3.6 above.)

Tversky & Kahneman (1983), "Extensional versus intuitive reasoning: The conjunction fallacy in probability judgment," *Psychological Review*, 90 (4), 293–315. <https://doi.org/10.1037%2F0033-295X.90.4.293>

### 5.4 Base-rate neglect

Bar-Hillel (1980), "The base-rate fallacy in probability judgments," *Acta Psychologica*, 44 (3), 211–233. [https://doi.org/10.1016%2F0001-6918\(80\)90046-3](https://doi.org/10.1016%2F0001-6918(80)90046-3)

### 5.5 Confirmation bias

Nickerson (1998), "Confirmation bias: A ubiquitous phenomenon in many guises," *Review of General Psychology*, 2 (2), 175–200. <https://doi.org/10.1037%2F1089-2680.2.2.175>

### 5.6 Availability

Section titled "Availability" in Tversky & Kahneman (1974), "Judgment under uncertainty: Heuristics and biases," *Science*, 185 (4157), 1124–1131. See Section 3.6 above.

### 5.7 Overconfidence

Angner (2006), "Economists as experts: Overconfidence in theory and practice," *Journal of Economic Methodology*, 13 (1), 1–24. <https://doi.org/10.1080%2F13501780600566271>

## Chapter 7

### 7.2 Framing effects in decision-making under risk

Sections I–III of Tversky & Kahneman (1986), "Rational choice and the framing of decisions," *The Journal of Business*, 59 (4, Pt. 2), S251–S278. <http://www.jstor.org/stable/2352759>

### **7.3 Bundling and mental accounting**

Thaler (1985), “Mental accounting and consumer choice,” *Marketing Science*, 27 (1), 15–25. <http://www.jstor.org/stable/183904>

### **7.4 The Allais problem and the sure-thing principle**

Allais (1953), “Le comportement de l’homme rationnel devant le risque: Critique des postulats et axiomes de l’école américaine,” with English summary, *Econometrica*, 21 (4), 503–546. <http://www.jstor.org/stable/1907921>

### **7.5 The Ellsberg problem and ambiguity aversion**

Ellsberg (1961), “Risk, ambiguity, and the Savage axioms,” *The Quarterly Journal of Economics*, 75 (4), 643–669. <http://www.jstor.org/stable/1884324>

### **7.6 Probability weighting**

Sections IV–V of Tversky & Kahneman (1986), “Rational choice and the framing of decisions,” *The Journal of Business*, 59 (4, Pt. 2), S251–S278. (See Section 7.2 above.)

### **7.7 Rabin’s calibration theorem**

Rabin & Thaler (2001), “Anomalies: Risk Aversion.” *Journal of Economic Perspectives*, 15 (1), 219–32. <https://doi.org/10.1257/jep.15.1.219>

## **Chapter 9**

### **9.1 Introduction**

Frederick, Loewenstein, & O’Donoghue (2002), “Time discounting and time preference: A critical review,” *Journal of Economic Literature*, 40 (2), 351–401. <http://www.jstor.org/stable/2698382>

### **9.2 Hyperbolic discounting**

Ainslie (1975), “Specious reward: A behavioral theory of impulsiveness and impulse control,” *Psychological Bulletin*, 82 (4), 463–496. <http://dx.doi.org/10.1037/h0076860>

### **9.3 Choosing not to choose**

Rabin & O’Donoghue (2000), “The economics of immediate gratification,” *Journal of Behavioral Decision Making*, 13 (2), 233–250. [https://doi.org/10.1002/\(SICI\)1099-0771\(200004/06\)13:2<233::AID-BDM325>3.0.CO;2-U](https://doi.org/10.1002/(SICI)1099-0771(200004/06)13:2<233::AID-BDM325>3.0.CO;2-U)

## 9.4 Preferences over profiles

Kahneman, Fredrickson, Schreiber, & Redelmeier (1993), “When more pain is preferred to less: Adding a better end,” *Psychological Science*, 4 (6), 401-405. <http://www.jstor.org/stable/40062570>

## 9.5 Misprediction and miswanting

Loewenstein & Angner (2003), “Predicting and indulging changing preferences,” in Loewenstein, Read, & Baumeister, eds, *Time and Decision: Economic and Psychological Perspectives on Intertemporal Choice*, New York: Russell Sage Foundation, pp. 351–391. <http://www.jstor.org/stable/10.7758/9781610443661.17>

# Chapter 11

## 11.2 Social preferences: altruism, envy, fairness, and justice

\*Chapter 2 of Camerer (2003), *Behavioral Game Theory: Experiments in Strategic Interaction*, New York, NY: Russell Sage Foundation. [https://books.google.com/books?id=cr\\_Xg7cRvdcC&pg=PA43](https://books.google.com/books?id=cr_Xg7cRvdcC&pg=PA43)

## 11.3 Intentions, reciprocity, and trust

Dawes & Thaler (1988), “Anomalies: Cooperation,” *The Journal of Economic Perspectives*, 2 (3), 187–97. <http://www.jstor.org/stable/1942822>

## 11.4 Limited strategic thinking

\*Chapter 5 of Camerer (2003), *Behavioral Game Theory: Experiments in Strategic Interaction*, New York, NY: Russell Sage Foundation. [https://books.google.com/books?id=cr\\_Xg7cRvdcC&pg=PA199](https://books.google.com/books?id=cr_Xg7cRvdcC&pg=PA199)

# Chapter 12

## 12.2 Behavioral welfare economics

Loewenstein & Haisley (2008), “The economist as therapist: Methodological ramifications of ‘light’ paternalism,” in Caplin & Schotter, eds, *The Foundations of Positive and Normative Economics: A Handbook*, New York, NY: Oxford University Press, pp. 210–45. <https://doi.org/10.1093/acprof:oso/9780195328318.003.0009>

## 12.3 The nudge agenda

Sunstein (2014), “Nudging: A very short guide,” *Journal of Consumer Policy*, 37 (4), 583–588. <https://doi.org/10.1007%2Fs10603-014-9273-1>

Loewenstein & Ubel (2010), “Economics behaving badly,” *New York Times*, July 15, A31. <http://www.nytimes.com/2010/07/15/opinion/15loewenstein.html>

## **12.4 The economics of happiness**

Clark (2018), “Four decades of the economics of happiness: Where next?” *Review of Income and Wealth*, 64 (2), 245–69. <https://doi.org/10.1111/roiw.12369>

Angner (2015), “Well-being and economics,” in Guy Fletcher, ed., *The Routledge Handbook of Philosophy of Well-Being*, London: Routledge, pp. 492–503. <https://www.routledgehandbooks.com/doi/10.4324/9781315682266.ch40>

## **Chapter 13**

### **13.1 Assessing behavioral economics**

Ross (2012), “The economic agent: Not human, but important,” in Mäki, ed., *Handbook of the Philosophy of Science: Philosophy of Economics*, Amsterdam: Elsevier, pp. 691–735. <http://dx.doi.org/10.1016/B978-0-444-51676-3.50023-3>

Shafer (1986), “Savage revisited,” *Statistical Science*, 1 (4), 463–485. <http://www.jstor.org/stable/2245794>