



# A Psychological Perspective on Economics

Daniel Kahneman

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## Article Information

### Abstract

My first exposure to the psychological assumptions of economics was in a report that Bruno Frey wrote on that subject in the early 1970's. Its first or second sentence stated that the agent of economic theory is rational and selfish, and that his tastes do not change. I found this list quite startling, because I had been professionally trained as a psychologist not to believe a word of it. The gap between the assumptions of our disciplines appeared very large indeed. Has the gap been narrowed in the intervening 30 years? A search through some introductory textbooks in economics indicates that if there has been any change, it has not yet filtered down to that level: the same assumptions are still in place as the cornerstones of economic analysis. However, a behavioral approach to economics has emerged in which the assumptions are not held sacrosanct. In the following I comment selectively on the developments with regard to the three assumptions, on both sides of the disciplinary divide.

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**D11** Consumer Economics: Theory

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