【書 評】

Floris Heukelom, *Behavioral Economics: A History*

New York: Cambridge University Press, 2014, xii + 223 pp.

This is a comprehensive (though not necessarily long) history of behavioral economics, written by a young Dutch historian. The author avails himself of interviews and materials he acquired through his own personal connections and takes the scientific community approach, a perspective common in recent studies in the history of economics. Since behavioral economics and experimental economics are fields in which the contribution of psychology has been immense, it is a suitable subject to flesh out a relationship between different scientific communities. As the author has actually published his papers in history of science journals, these topics are likely to attract interests from historians of social sciences as well. This work will be only the first of many studies that will follow in the future.

In the first chapter, Heukelom discusses the economists' views on the question of whether it is possible to prove (or falsify) theories by observations in economics. J. S. Mill's position of economics as generalization (namely, the position that it is impossible to prove/falsify economic theories by observation of concrete, individual phenomena) was so influential that when psychologist Louis Leon Thurston derived the indifference curve from experiment in the 1930s, economists quickly cast doubt on the significance of Thurston's result.

In the second chapter, the author nar-

rates the process in which von Neumann and Morgenstern's cardinal expected utility function was supported by scholars like Jimmy Savage in the 1950s and also met by persistent opposition from Maurice Allais. The point at issue was whether the expected utility function was a realistic description of the behavior under uncertainty.

In the third chapter, Heukelom considers what institutional background the research field of one of the founders of behavioral economics, "decision theory," operated in. He highlighted the psychological research units at University of Michigan in the 1950s and 1960s. Clyde Coombs' mathematical psychology and Ward Edwards' measurement theory examined behavior under uncertainty based on the above-mentioned Savage's research.

In the fourth chapter, the author turns to how Amos Tversky, a student of Edwards, started joint research with Daniel Kahneman and eventually introduced the prospect theory to the economist audience. Tversky had obtained experimental results that showed persistent deviations from the expected utility function theory and begun to consider that it was difficult to suppose them merely technical, experimental noise. Kahneman, on the other hand, had been examining the change of human responses to physical stimulus (e.g., brightness of light bulb) depending on the environment the subject was placed in. The two figures combined their separate interests and pre-

sented the prospect theory in 1979.

The fifth chapter concerns economists' responses to Kahneman and Tversky's analysis. Two responses are considered. First, experimental economics, which had developed independently by Vernon Smith and his associates, initially criticized the rigorousness of experimental methods of the psychologists but eventually corroborated the validity of the prospect theory with their own experiments. The second reaction was purely constructive. Richard Thaler, who applied the prospect theory to financial economics, became its tireless promoter. A group of psychologists and economists acquired financial support from private foundations and promoted behavioral economics through publication and conferences, resulting in the increased presence of behavioral economics in economics.

The narrative of this book does not necessarily replace the general understanding of the history of behavioral economics such as the following one. That is, von Neumann and Morgenstern's expected utility function was criticized by Kahneman and Tversky's prospect theory, and since this theory was corroborated by the proper scientific method of experiments, economists had no choice but accepting it. Today, it produced results that replace conventional economic theories in such issues as intertemporal optimization and fairness in addition to the problem of uncertainty, thus becoming a more and more influential approach.

This book does not necessarily reject this typical Whig history, but its emphasis is placed somewhere else; that is, while

causing misunderstanding and confusion, the "normative–descriptive" distinction in psychology and that of the "normative–positive" in economics have ironically engendered creative responses. In psychology, the "normative" means benchmarks that would realize in the ideal situation whereas in economics, it indicates ethical judgment. For instance, the prospect theory interpreted conventional economic theory as normative theory (in the sense of benchmark) and left room for it, but this was, the author suggests, instrumental to the acceptance of the prospect theory by economists. By narrating such instances, the author emphasizes that the ambiguity surrounding the term "normative" brought new concepts to economics in unpredictable manners.

To sum up, this work traces the history of a research field that emerged between economics and psychology in the last few decades of the twentieth century with a special focus on epistemological differences between those two disciplines. Despite referring to the same theory and working on the same, uncertainty issue, there was an irreconcilable difference in research interest between them. One was interested in testing the theory by experiment, and the other in its logical coherence and applicability to various, hypothetical situations. As the author suggests, now removed from the initial playing ground of psychology and neatly settled into economics as a distinct subfield, it is natural that behavioral economics assumes more and more of the latter type of epistemological attitude.

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