



A Research Agenda for
**Economic
Psychology**

Edited by
Katharina Gangl
Erich Kirchler

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1 Introduction to A Research Agenda for Economic Psychology

Katharina Gangl and Erich Kirchler

1.1 Introduction

Economic psychology studies the perception and understanding of economic phenomena, financial decision-making and behaviour, egoistic and altruistic mind-sets and cooperation, emotions and well-being (Van Raaij, 1981). The study of humans' economic mental representations and behaviour can be traced back to Greek philosophers and seventeenth-century economists (Ranyard, 2018). However, the history of psychological engagement in the field started rather late, at the beginning of the twentieth century (Kirchler and Hoelzl, 2018).

In 1902, the term 'economic psychology' was coined by Gabriel Tarde, who published a book in which he criticized classical economic assumptions of humans as rational utility-maximizing agents. In 1912, the applied psychologist Hugo Münsterberg (1912) started to examine research questions related to work, marketing and consumption, such as the impact of advertisement on consumer behaviour or strategies of personnel selection. A classical study in the field examined the aftermath of the Great Recession: in an exemplary study, the social-psychologists and sociologists Marie Jahoda, Paul Felix Lazarsfeld and Hans Zeisel investigated the effect of long-term mass unemployment in a small Austrian village. They developed innovative methods to study the effects of job loss on individuals, families and the community in general. Besides conducting interviews, they invited redundant citizens of the village to keep diaries; analysed in children's drawings the impact of redundancy on the family; to understand use of time they took notes on the walking speed of the jobless, of their partners, and people still occupied; and organized workshops and seminars in the village to understand people's capacities to help themselves and to prevent them from becoming increasingly passive and helpless. The results are reported in the 1933 published book *The Unemployed of Marienthal: A Sociographical Attempt to Examine the Effects of Long-term Unemployment*, in which the authors conclude that unemployment and particularly long-term unemployment does not lead to social revolt but to helplessness and resignation, especially in the case of financial hardship.

In the 1940s, George Katona started his seminal work on spending behaviour and money management and in 1952 he invented the 'Index of Consumer Sentiment',