immediate gratification and understate the value of future pay-offs. This is often called 'hyperbolic discounting' in the literature, but the real issue is excessive present-orientation, which can occur just as easily with exponential, time-consistent preferences, as with hyperbolic, time-inconsistent preferences. For instance, making retirement saving the default arrangement can serve to counter the tendency to under-save, which is itself a response to the overvaluation of current as compared to retirement consumption. A second justification is the tendency for individuals to ignore low probability events, such as having an automobile accident. I consider the irritating bell that sounds in my car to be a present pain that offsets the present pain of fastening my seatbelt, given that I cannot really experience the pain of great bodily injury with an infinitesimal probability 0.00001.

A second sort of libertarian paternalism takes the form of having the government require that firms reveal with clarity and salience the full terms of a contractual agreement with consumers. For instance, it might be required that a restaurant print the nutritional content of its food on the menu, or that the precise interest rate on a mortgage be posted, or that all of a broker's charges be itemised on a monthly statement. These measures are 'paternalistic', because if consumers were fully aware of the situation, they might demand this information from firms, and market competition would then lead to compliance. The role of the government in this situation would then be the more traditional one of enforcing 'truth in advertising' – firms are not allowed to misrepresent their offerings. This form of social policy may also not really be paternalistic. If the transaction costs are high enough, I might tolerate the restaurant's practice of not revealing nutritional content, even though I would be willing to pay to have this information revealed, but I would not be willing to pay to offset the restaurant's revenue loss because I eat smaller portions of healthier food. If my unwillingness to pay is due to my excessive present-orientation, and if I recognise this, I prefer the government regulation for myself.

Thaler and Sunstein, like other behavioural economic policy analysts, are widely criticised for their paternalism, which flies in the face of free-market ideology. While some suspicion is warranted, the idea of a market economy with no governmental correctives is just a libertarian fantasy that people neither want nor with which they could comfortably live. Policies of the sort discussed in this volume are a welcome addition to the policy-maker's toolbox. Libertarian paternalism, of course, is not a panacea. It will not replace the price system as the central mechanism for allocating goods and services, and it will not obviate the need for legislation that corrects market failures, such as the tendency for excessive energy use to undermine the natural environment, and perhaps even partially offsets such 'human frailties' as the tendency to under-save and abuse illegal substances. However, libertarian paternalism is attractive as a first line of attack on even these problems and should be part of the policy-maker's toolkit.

Herbert Gintis
Santa Fe Institute and
Central European University
hgintis@comcast.net

George Loewenstein: *Exotic Preferences: Behavioural Economics and Human Motivation*
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Behavioural economics, the marriage of insights from psychology and economics, has matured from a fringe interest of a small handful of researchers towards acceptance in mainstream economics since the founding of the *Journal of Behavioural Economics* in 1972. The current financial crisis and the publication of Dan Ariely's popular bestseller, *Predictably Irrational* [2008], have generated wider interest in this subfield amongst both lay readers and non-economist academics. There is much that sociologists may learn from publications in this area. Economic sociology tends to construct a straw man out of economic theory, presenting an increasingly outdated view focused on utility-maximising homo economicus as a contrast to a kinder, gentler, socially embedded and contextualised picture of economic activity. Instead of challenging this outmoded dichotomy, recent currents in sociology have moved in another direction, towards, unfortunately, an uncritical stance, exemplified by Callon's [1998: 1] description of the market as 'the abstract mechanisms whereby supply and demand confront each other and adjust themselves in search of compromise'. To downgrade the distinctive sociological imagination to a set of almost interchangeable bolt-on social contexts attached to textbook economic models would be to do a disservice to both disciplines.

Behavioural economics presents economic sociology with a fine opportunity, as it represents a fresh approach to economic thinking that is explicitly formed and engaged with the social and personal aspects of economic life, such as relationships between actors and things, emotional states and the importance of temporality. So when George Loewenstein's *Exotic Preferences* appeared in my mailbox, I was very enthusiastic. Regrettably, this sentiment waned in direct proportion to the number of pages read. Behavioural economics offers the potential to generate intriguing discussions between the various disciplines that examine economic life – psychologists, sociologists, anthropologists and economists rarely sing from the same hymnal. But this book is not the place to begin for sociologists of either the quantitative or the qualitative persuasion. A recent issue of the *Journal of Economic Literature* containing excellent papers by Rieskamp, Busemeyer and Mellers [2006], Fudenberg [2006] and Pesendorfer [2006] offers a better introduction to the fundamental concepts of the field, along with a good survey of recent and influential work.

For *Exotic Preferences*, Loewenstein selected twenty-two of his previously published papers and wrote prefatory essays for each one about the circumstances that inspired the research. These introductory passages, which can stretch to three or four pages, are some of the best reading in the book. Though the chapters are organised into six thematic sections – some of which are very broad, such as the second section, 'Social Preferences', while others are extremely narrow, like section five, 'Intertemporal Choice' – the volume feels more like a 'best of' album from a rock band whose career has spanned several decades and musical styles than a coherent collection. This diversity is not necessarily a detrimental quality, as the wide-ranging nature of the papers is refreshing, given that edited collections are sometimes too narrowly and tightly scripted. Though a solid grasp of the mathematics of economic modelling is needed to follow the proofs in some papers, the contours of the argument are largely intelligible even without the equations.

However, there are three chapters in *Exotic Preferences* that are of particular sociological interest. The first of these is, coincidentally, the first chapter in the book, entitled 'Because It Is There: The Challenge of Mountaineering. . . for Utility Theory'. This paper presents a refreshing challenge to the problem of utility theory by way of a discussion of mountaineering. Loewenstein contends that conquering the most challenging peaks satisfies the human desire for prestige (p. 11); 'the almost obsessive human need to fulfill [sic] self-set goals' (p. 14); demonstrates mastery (p. 18) and provides 'meaning' (p. 21), which he defines as 'a new perspective on life'. Unfortunately, this explanation for climbing mountains could apply equally well to any leisure activity of highly driven people, from Massively Multiplayer Online games like World of Warcraft to endurance sports such as marathon running. According to Stebbins [1992: 125], these qualities are key features of serious leisure activities such as singing in barbershop quartets. Although mountaineering is framed as an outlier by Loewenstein, an unusual and dangerous activity, the explanations offered for its attractiveness are not entirely original or convincing. In the preface to this chapter, Loewenstein (p. 4) recounts one of several negative encounters to this paper when it was presented at a conference on extreme sport:

> In response to my assertion that mountaineering is largely driven by ego, and is in reality a matter of almost unremitting misery, one French skier (who among other amazing accomplishments, had climbed Mount Everest and then skied down) took me aside to tell me 'no no, you have it all wrong. Eet ees not miserable, eet is wonderful – like making luuv to a beautiful woman'. I had no doubt that he spoke from experience. However, no one is going to persuade me that climbing into the 'death zone' holds a candle to some of the other pleasures that life has to offer.

With those words, Loewenstein not only closes his preamble, but also shuts out the French mountaineer and his critique. Admittedly, Loewenstein is not a sociologist and he did not set out on a phenomenological inquiry into extreme mountaineering. His interest was explicitly an exploration of the challenge this risky and painful activity poses to utility theory. However, such a dismissal of criticism from an expert with unquestionable experience in the area by Loewenstein's own admission would be a cause for re-evaluation for most social scientists. Instead, Loewenstein simply prefers his own framing of the experience – he is an amateur climber – and expects the reader to do the same. Fortunately, the most valuable part of this chapter is not its analysis of mountaineering, but Loewenstein's argument (pp. 24–25) that traditional notions of utility have been based upon consumption, and this restricted conceptualisation leaves out the very qualities that make some activities meaningful and enjoyable. An expanded notion of utility that included non-consumptive factors is the first step toward overcoming what Loewenstein (p. 5) describes as a fundamental economic tautology: 'the observation that people choose what they prefer'. Utility has an almost axiomatic status in economics, and this particular article represents a rather bold re-examination that merits reading.

Equally valuable is the nineteenth chapter, a co-authored paper entitled 'Risk as Feelings'. Influenced by Giddens [1990, 1999] and Beck [1992], sociological studies of risk have been set in a macro-social context or as a side effect of modernity [Beck 1992: 21]. The study of risk in economic sociology is broadly organisational, concentrating on regulation, corporate behaviour and governance. Loewenstein's essay provides an individualised view of risk by examining the process of decision-making with the goal of integrating the role of emotional responses into current cognitively-oriented models. Loewenstein and his co-authors (p. 574) propose a dual assessment of risk in which the cognitive evaluation of consequences is enhanced and informed by the vividness of previous experiences, which they call the risk-as-feelings model. According to this conceptualisation, risk is not only assessed cognitively but experienced emotionally. The authors (pp. 568–569) propose that the consequentialist model of risky decision-making, in which anticipated outcomes and subjective probabilities feed into a cognitive process whereby decisions are made, does not adequately account for the vividness of emotional responses and emotional states. They propose a more complex model (p. 574) in which individuals' cognitive evaluations and emotional responses exert not only an influence upon decision-making but upon each other – a vivid memory or experience of a car accident may change a person's cognitive evaluation of the risks entailed in ignoring red lights or not wearing seatbelts.

Loewenstein and his co-authors rely largely on the research of others to support the construction of the model, and the original empirical data gathered for the article is not very extensive – an exercise with 115 college students where participants choose whether to remain in a taxi whose driver is inebriated (p. 582). But the construction of the argument seems plausible. The authors suggest that their model could contribute to studies of public perception of risk in hopes of increasing 'responsive[ness] to public attitudes and opinions' by policy-makers – which would certainly complement established sociological research interests in regulation and governance. However, there are other intriguing applications and possibilities in the realm of everyday economic life. The risk-as-feelings model would be very relevant to decisions about securing loans or credit, perhaps a study of first-time home-buyers. Risk-as-feelings could also inform a study of economic migration.

Chapter seventeen, 'The Red and the Black: Mental Accounting of Savings and Debt', is a curious paper. Though the equations, contributed by Dražen Prelec, are sometimes more vexing than illuminating, there are several intriguing ideas that should inspire further investigation. The aim of the article was to examine the relationship between the pleasure of consumption and the pain of payment. A section title from this chapter, 'Prepayment and Other Strategies for Putting Cost out of Mind', indicates the intended audience and uses for the article, and so it should not be surprising that its eventual conclusions are geared toward marketing endeavours and the improvement of payment systems. Although such analysis seems more relevant for marketing institutes and retail managers, scholars studying the structuring of retail and shopping, that is to say, the way that corporations and organisations construct and understand the terms under which the strictly monetary aspect of consumption occurs, may find the chapter's recommendations of interest. The authors also examine how debt is framed in the context of expenditures and consumption over time and in relation to the moment of consumption (p. 496). They identify the decoupling of specific debts from the experience of consumption which those monies were used to purchase as an important source of aversion to or irritation with debts (p. 509). According to this analysis, using a credit card decouples the expenditure from the moment of consumption, lumping multiple sums into a generalised debt, which becomes extremely odious (p. 511). Though it is hard to quibble with the mathematical models proposed by the authors, the empirical evidence supporting this paper is tenuous at best – eighty-eight people polled at an airport about which debts they dislike most or least (p. 51); a short survey of forty-four university students and forty-two people waiting at an airport; and an anecdote about a young married couple (p. 506).

Loewenstein and Prelec also suggest that mental calculation of expenditures, or mental accounting, is subject to certain very interesting limitations. They suggest that converting currency functions in much the same fashion as buying token money: 'In a similar vein [to token payment systems], people often report that spending is easy in foreign countries, where the foreign currency feels like "play money".' The authors do not tell us who these people are or to whom the reporting is often done. In the spirit of reasoning by imaginative anecdote, one might similarly suggest that immigrants to a new country may find themselves engaged in continual currency conversion in order to make sense of relative prices, as the system of prices in the 'play money' of their new country is as yet unclear. I should say that this has at least been my experience, which was similar to those of several colleagues informally polled around the water cooler. Luckily, an ideal laboratory for testing the influence of currency conversion on the mental accounting of expenditures, savings and debts exists. Virtual worlds such as Second Life, where players buy virtual currency with real monies, present one such opportunity. Unlike the experience of the tourist, whose short sojourn requires only a limited familiarity with local economic life and money, or the immigrant who is required to adapt to a new monetary system and pricing regime, the resident of a virtual world moves back and forth between virtual and real money, converting (or not converting) prices from one currency to another. Perhaps a study of mental accounting in virtual worlds would provide a reasonable testing ground for some of the ideas in this chapter.

There are several other engaging chapters in *Exotic Preferences*, but a close reading of every paper would not be the best way to approach this text. The introductory comments provide a reasonable overview of what follows and indicate whether there is any profit to be found by wading through the essay itself. For sociologists, both quantitative and qualitative, there will be some unsettling elements in the way Loewenstein and his collaborators conducted their research. Methodological quibbles are bound to occur when crossing disciplinary boundaries, as standards for good research and how it should be conducted vary between fields owing in part to their different ontological and epistemological positions. We cannot expect that a qualitative anthropologist in the field with the Big Men of the Trobriands, a sociologist examining patterns of migration with cross-national data sets, and an economist attempting to make sense of the endowment effect will attend to similar types of phenomena in their respective research settings, and so it is only reasonable that what is a well-known and accepted method in one area might seem messy or dubious to researchers in another. However, certain laboratory studies and questionnaires referenced in *Exotic Preferences* raise questions that are somewhat larger than these usual sectarian differences. In fact, Loewenstein (p. 439) admits on one count that he violated federal law in the distribution of one questionnaire and was saved from reprimands because the local authority figure who should have enforced the law was a student at the university where he works. In sum, this is not a book to be read for the answers it provides, but rather the questions it poses. Those in search of a primer on behavioural economics or a collection of essential papers in this area will not be very well rewarded by this tome. However, a curious reader in search of a fresh angle or a different approach to a vexing problem may find some objects to reflect upon therein.

Sandy Ross
London School of Economics
s.ross@lse.ac.uk

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Joseph Henrich – Robert Boyd – Samuel Bowles – Colin Camerer – Ernst Fehr – Herbert Gintis (eds.): ***Foundations of Human Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies***
New York 2004: Oxford University Press, 472 pp.

Like the other volumes reviewed in this section, this book addresses one of the basic social science questions: What kind(s) of human motivation underlie social collaboration? *Foundations of Human Sociality* represents a far-reaching endeavour to challenge the notion of homo economicus, which has been the cement of many influential social, economic, and political theories, as well as game theory, rational choice theory, and social exchange theory. This notion entails a conception of human motivation whereby individuals are self-interested agents who strive to maximise their own utility from a given interaction, expecting others to do the same. In other words, they reveal a 'self-regarding' preference, or desire, to collaborate with others only if the collaboration maximises their own utility gains. Against this understanding, *Foundations of Human Sociality* suggests that self-regarding preferences cannot satisfactorily account for frequent instances of pro-social behaviour, guided by 'other regarding' (social) preferences. By means of a complex laboratory enterprise that included observation of behaviour in both experimental and everyday life conditions, the contributors specified two main goals for examination. First, they aim to refute the homo economicus notion by showing that, when considering collaboration with others, individuals across different societies are de facto also guided by social preferences, including strong reciprocity and fairness. Second, they aim to identify socio-cultural and economic conditions that shape self-interest and other kinds of social preferences.

The homo economicus notion is empirically refuted through an ambitious research programme conducted by a group of scholars from different social science disciplines, including economics, anthropology, psychology, and evolutionary biology. This research programme mainly leans on game theory, including variations of the Ultimatum Game, Public Goods Game and Dictator Game. As reviewed in Chapter 3 by Colin Camerer and Ernst Fehr, these games generally assume that, when trying to meet their goals and desires, individuals weigh different alternatives (options) and their consequences and maximise a preference function. However, the book's research makes a meaningful contribution by elaborating the following: First, it attempts to shed light on the issue of human motivation and social collaboration from an interdisciplinary perspective. By crossing age-old disciplinary divides, the authors attempt to reach a more comprehensive understanding of the dynamics of relations between the individual and society. This understanding is achieved not only by integrating different disciplinary views but also by using different methodologies. Specifically, the chapters rely both on economic experiments and on ethnography. This last method, which views culture in a more holistic form, unveils socio-economic patterns of interaction in everyday life and was meant to ascertain to what ex-