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The Benefits of Bridging Social Psychology and Economics, by Paul A. M. Van Lange, Free University, Amsterdam, and Leiden University, The Netherlands

Some people have suggested that revolutions tend to start right after the turn of a century or some other relatively arbitrary "landmark." After decades of specialization in most scientific disciplines, with an ever-increasing differentiation in subdisciplines, each having its own journals, associations, and research centers, there is now a rapidly growing development toward linking fields and disciplines in important ways. This development has "revolutionary" aspects, because this is the first time that we have witnessed such strong tendencies toward interdisciplinarity (after a long period of specialization) and because it may impact the scientific landscape in important ways.

Revolutionary or not, *Social Psychology and Economics* is a reflection of a strong tendency to link fields of research coming from two or more different disciplines, and perhaps of a potential change in the scientific landscape. Only in the past decade have numerous books been published that take interdisciplinary approaches (e.g., Taylor, 2002), as well as quite a few journals devoting special issues to issues of interdisciplinarity (e.g., Brewer, Kenney, & Norem, 2000), and there has been an increasing number of interdisciplinary associations, journals, conferences, and research centers. Also, in a recent volume entitled *Bridging Social Psychology* (Van Lange, 2006), more than a hundred authors from different disciplines and nations discuss ideas and research relevant to four grand bridges of social psychology, including (1) bridges with biology, neuroscience, and cognitive sciences; (2) bridges with personality, emotion, and development; (3) bridges with relationship science, interaction, and health; and (4) bridges with organizational science, culture, and economics.

Indeed, as the editors of *Social Psychology and Economics* note in the preface, "The time is particularly right for a book like this one" (p. xi). The volume represents areas of research that traditionally have been part of economics and social psychology, such as judgment and decision making, cooperation and competition, and negotiation and coordination. But there are also some "newer" areas of research now being captured by both disciplines. For example, the recurrence of an interest in emotion, as a key process in understanding social decision making, is very important and characterizes trends in both disciplines (see chapters by Timothy Ketelaar and by Marcel Zeelenberg and Rik Pieters). The importance of institutions is often overlooked in contemporary (social) psychology, especially when one realizes that "people often think, feel, and act as society members" (p. 344; see also Bar-Tal, 2006), and because outside our labs are the institutions that define the "rules of the game" (Iris Bohnet, p. 213). Conversely, topics such as value from fit (Tory Higgins) or empathy as determinant of altruism (Daniel Batson) may be fruitfully imported by economics since these psychological forces are powerful determinants of decision making in many economic contexts. Thus, the volume does a truly excellent job of bringing together diverse lines of research that either have always been part of both economics and social psychology or should become a stronger part of both disciplines.

BENEFITS OF BRIDGING SOCIAL PSYCHOLOGY AND ECONOMICS

Concepts such as "working together" and "cooperation" have connotations that sound very good. Yet cooperation and interdisciplinary efforts are not going to last if the benefits do not exceed the costs—above and beyond semantics and connotation. Various chapters in this volume provide nice illustrations of some benefits (and some potential obstacles) of bridging social psychology and economics. I discuss these benefits with the help of four benefits of bridging social psychology with other fields or disciplines discussed in Van Lange (2006).

A first benefit is that *major scientific problems call for bridging*. Some questions seem as basic and as "old" as science itself, but they are still unresolved. One such question centers on the mind-body problem, focusing on such issues as the existence and functions of conscience and "free will" in relation to the brain and behavior. For example, in what way can the body control the mind in such a manner that "we lose our minds" (i.e., we cannot control our thoughts and feelings)? The questions of self-regulation and self-control—when and how people fail to do what they want even when they have the knowledge, skill, and opportunity—are clearly relevant to the mind-body problem and the issue of free will (see the chapter by Kentaro Fujita, Yaacov Trope, and Nira Liberman). Another basic question addresses "human nature," and I found the chapters by David Messick, which emphasizes the importance of competition (and social comparison), and Daniel Batson, which emphasizes the importance of empathy and altruism, very important to understanding the strong violations of the assumption of "rational self-interest."

A second benefit is that *major scientific theories call for bridging*. The editors note that "social psychology does not train its researchers well in constructing theories, which is one of economics greatest strengths" (p. 7). I am not sure whether this is true, because writing articles in major social psychological journals typically requires considerable theoretical skills. Also, several social psychological theories (e.g., the theory of cognitive dissonance) are well-appreciated outside of social psychology (see also Rachel Croson, p. 314). In my view, the problem is that social psychology focuses on "mini-theories" to account for interesting phenomena, rather than on "grand theories" that seek to explain most or all of human social behavior (e.g., Kelley, 2000; Pinker, 2002; Van Lange, 2006). Indeed, I find myself in perfect agreement with the thoughtful discussion advanced by Rachel Croson, who suggests that psychological theories tend to score high on accuracy but low on parsimony, whereas theories in economics tend to score high on parsimony and low on accuracy (pp. 304–305). It is interesting to see that, at present, evolutionary theory has been adopted by many economists and social psychologists to account for social behavior. My impression is that economists have welcomed this grand theory more strongly than social psychologists, perhaps because of differences in concern with parsimony and accuracy.

A third benefit is that *major scientific problems and theories call for methods that call for bridging*. There is an increasing consensus that the social and behavioral sciences benefit from great variety in measurement techniques and methods. In particular, in the last decade alone, we have witnessed increasing use of methods derived from the biological, cognitive, and neurosciences, such as variations in blood pressure, sophisticated priming techniques, and fMRI (functional Magnetic Resonance Imaging) techniques. For example, the fields of social neuroscience and neuroeconomics reveal that many basic questions addressing such topics as trust, exchange, and coordination can now be addressed by using fMRI techniques and complementary physiological techniques, as discussed by Kevin McCabe in this volume (see also Cacioppo et al., 2002). Another key finding is that the act of punishing others who abuse trust is associated with an area of the brain (i.e., dorsal striatum) that has been demonstrated to be involved in the processing of rewards that follow from goal-directed actions; this finding suggests that people derive satisfaction from punishing norm violators (De Quervain et al., 2004).

It is also interesting to see that by nature of the fact that fMRI requires repeated observations, the experimental game paradigm (which is so popular in behavioral economics) is very well-suited for such neuroscientific research. It is important to note as well that alternative measures—examining neurochemical processes, attention (via eye tracking), or subtle influences not requiring attention (e.g., priming

techniques), to name just a few—are very important for testing the role of emotions, self-control, and cognition in social decision making. Such techniques may also be very helpful in replacing some traditional models of rational self-interest, as discussed in various chapters (e.g., Linda Babcock, Michele Gelfand, Deborah Small, and Heidi Stayn; Carsten De Dreu and Wolfgang Steinel; Eric van Dijk and David De Cremer; and Tom Tyler and David De Cremer), with ones that do more justice to social considerations and to bounded rationality.

Finally, a fourth benefit is that *societal problems call for bridging*. For most if not all pervasive societal problems, it takes the knowledge, skill, and expertise from more than one discipline to really understand the problem and make a contribution to resolving it. Consider, for example, the threats to the health and vitality of our environment. The massive use of scarce natural resources (e.g., catching too many fish for nature to replenish) and the pollution of the environment (e.g., dumping industrial waste) create large-scale and, to some degree, irreversible societal problems. Such complex problems call for the input of various fields and disciplines to effectively understand the magnitude of the problem (e.g., biologists and geologists should inform us about the state of affairs regarding environmental solution), while other disciplines may inform us about the boundary conditions for bringing about effective change in behavior and habits in individuals, groups, and social institutes (e.g., psychologists, economists, political scientists, and policy makers).

Relevant to theory and society, the chapter by Max Bazerman and Deepak Malhotra does an excellent job of discussing some persistent "myths." It is likely that some of these incorrect or incomplete views (e.g., the myth that people know their preferences and pursue known preferences with volition) will be replaced by the truth when economics and psychology inform each other in more effective ways so that, ultimately, the government should be better able to design policy and implement measures. The notion that economists have stronger ties than psychologists with governmental policy is interesting. One parsimonious explanation is that governments are more strongly interested in "economics" than the "psychology of people" because governments may often follow the implicit assumption that "economics drive people." Although this parsimonious assumption does not excel in accuracy, it is the kind of belief that governments tend to work with, perhaps in part because the assumption of rational self-interest is one of the strongest myths. Another reason is that the majority of psychologists do not directly speak to large-scale, societal issues, since the discipline primarily focuses on the individual as the unit of analysis.

OBSTACLES OF BRIDGING SOCIAL PSYCHOLOGY AND ECONOMICS

Some obstacles are rooted in differences in norms and guidelines, such as the use of deception in research, the necessity of using money to study "outcomes," or the ideal shape of an empirical article. Articles written by economists and social psychologists tend to vary in terms of length of the introduction, number of references, and so on. However, these differences, some of which are nicely illustrated by Keith Murnighan and Alvin Roth, should not make bridging too difficult. Other obstacles may be more challenging, because they touch on strongly felt theoretical assumptions. For example, as noted by Rachel Croson, economists are strongly attached to outcomes, whereas social psychologists are strongly attached to processes. Perhaps this follows from long-standing differences in how to come to grips with the dilemma of parsimony versus accuracy in theorizing, research design, and methods. Such differences also exist within a discipline, of course, but the between-discipline variance still seems overwhelming.

CONCLUDING REMARKS

The theoretical, methodological, and societal benefits of bridging social psychology and economics are convincing, especially for the research areas discussed in *Social Psychology and Economics*. So what are the challenges? I speculate that the key difference that economists favor parsimony over accuracy and social psychologists favor accuracy over parsimony is going to be the most fundamental challenge for the builders of bridges between social psychology and economics. At the same time, I believe that, in the long run, the science focusing on social decision making, interdependence, cooperation, and competition (the areas I know best)

is strongly served by research coming from *both* research traditions. More than anything else, a joint venture of parsimony and accuracy seems the most fruitful route to building "grand theories" that are simple *yet* comprehensive, concerned with outcome *and* process, with passion *and* reason, and with automaticity *and* deliberation, all of which seem to characterize "social animals and economic beings."

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The Dialogue Between Psychology and Economics: Obstacles and Opportunities, by George Wu, University of Chicago

The interaction between psychology and economics over the years has been far from straightforward. The two fields were perhaps most removed during the ordinal utility revolution in the early twentieth century, when economics banished considerations of intensity of preference, such as marginal utility. Lewin, in an historical account of psychology and economics, wrote of the dominant view of mainstream economists during this movement: "Economics was independent of psychological assumptions; it spoke only about behavior, which could always be rationalized by some preferences, whatever the actual psychological cause" (1996: 1294). The distance between the two disciplines has closed considerably in the last fifty years, as measured in part by the numerous conferences designed to get economists and psychologists to interact. These conferences have produced a number of interesting edited volumes (e.g., Brocas & Carillo, 2003, 2004; Hogarth & Reder, 1986; Loewenstein & Elster, 1992; Thrall, Coombs, & Davis, 1954). To this list, I add a new and exciting collection, *Social Psychology and Economics*.

It is instructive to view this book from an historical lens and understand what it says about the present and future interaction between economists and psychologists. To do so, I will juxtapose *Social Psychology and Economics* with Hogarth and Reder (1986), a collection of papers from a conference that brought together cognitive psychologists and economists. (To put my comments in perspective, I am a behavioral decision researcher with publications in both psychology and economics. Although I am not a card-carrying member of either community, I am provided with visitor passes on a regular basis.) The Hogarth and Reder collection was precipitated by work in cognitive psychology—in particular, pioneering work by Daniel Kahneman and Amos Tversky on judgment under uncertainty and decision under risk. Kahneman and Tversky showed that individuals make probabilistic judgments that are sometimes inconsistent with the basic laws of probability theory. They also demonstrated that people make risky choices that are not always in accord with expected utility maximization. These empirical findings struck economic theory at its core, since classical economic theory is built on the assumption that economic agents are rational—namely, Bayesian expected utility maximizers. The impact of this work on economics (and the social sciences more broadly) was recognized when Daniel Kahneman was awarded the Nobel Prize in Economic Science in 2002.

The Hogarth and Reder collection was curiously titled *Rational Choice: The Contrast Between Economics and Psychology*. Hogarth and Reder, in their preface to the collection, expanded on the objectives of the conference and the volume: "to provide a mechanism whereby both economists and psychologists could profit from being exposed to different