

THE FOUNDING OF IAAP DIVISION 9: ECONOMIC PSYCHOLOGY

In the early 1980s I was asked by IAAP President Claude Lévy-Leboyer and President-elect Harry Triandis to find out the interest among psychologists for establishing an IAAP Division 9 of Economic Psychology. I had then had a chair in Economic Psychology at the Stockholm School of Economics since 1963 and been a member of the Executive Committee of the IAAP since 1968. Earlier IAAP meetings had had a few sessions devoted to consumer psychology, but had rarely had any papers or lectures related to other areas of economic psychology as I defined the subject matter.

At the time, consumer psychology was a rapidly expanding area with a focus on marketing applications. My colleague Folke Ölander and I were also interested in macroeconomic applications such as saving behavior research in the George Katona tradition. In the 1980s, many economists, mainly thanks to Herbert Simon, Daniel Kahneman and Amos Tversky and some financial economists like Richard Thaler, Hersh Shefrin, and Werner de Bondt, became involved in applying cognitive psychology in the study of economic behavior. IAREP, the International Association for Research in Economic Psychology was founded by a group of psychologists with the help of a few economists. A group of economists supported by a few psychologists formed SABE, the Society for the Advancement of Behavioral Economics.

It was obvious that much happened in consumer psychology outside of the IAAP. In my view, the congresses arranged by the IAAP represented unique opportunities for those who wanted to partake of the latest developments in their own field as well as learn about new achievements in other areas and in basic psychological research. The 1982 IAAP Congress in Edinburgh was preceded by the annual meeting of the new International Association for Research in Economic Psychology, IAREP. Many of the participating psychologists also used the opportunity to attend the IAAP Congress.

Using the membership list of IAREP I sent a brief questionnaire to a number of psychologists most of whom I knew personally. Most reactions were positive: there was certainly room for a Division of Economic Psychology. Many respondents stressed the value of cooperation between IAAP and IAREP. An important comment from many respondents was that the Division meetings should welcome participation from economists, and other non-psychologists.

At the IUPS Congress in Acapulco in 1984 I reported to the Executive Committee on my explorations and considerations. I recommended that a Division 9 of Economic Psychology be founded and such a decision was made. Interestingly, the growing understanding of economic problems among psychologists had led to the invitation of a leading behavioral economist, Richard Thaler, to the IUPS Congress. The next step was for me to contact the conveners of the next IAAP Congress, to be held in Jerusalem in 1986. It took some time before the Division could begin functioning and IAAP members were given a chance to indicate their divisional preference for Division 9. It became too late to prepare a full-fledged divisional program for the next IAAP Congress. The early prospectus of the IAAP Congress in Jerusalem 1986, dated fall 1984, for the first time, however, mentioned economic psychology as an area of potential interest.

In 1985, IAREP decided to arrange the 1986 annual meeting in Israel and coordinate it in time with the IAAP meeting in Jerusalem. SABE and IAREP decided to convene a joint meeting at Kibbutz Shefayim outside Tel Aviv just before the IAAP Congress. The Jerusalem meeting of the Division offered one symposium 'Values and Economic Behavior', chaired by W.Fred van Raaij. It comprised seven papers, including one by an economist, Hugh Schwartz. Except for that, nothing much happened before the preparations for the 1990 Kyoto Congress began in 1989 and rapidly accelerated.

The Kyoto Congress was a great success. It was extremely well organized and offered an impressive array of papers in important fields of psychology. For economic psychology it meant the first real Congress in which we were entitled to a full divisional program. There were six symposia and a keynote address, held by myself: 'The Study of Economic Behavior. A New Role for Psychology'. The symposia presented a wide variety of topics, all fitting nicely under the umbrella of economic psychology. The papers and the lively discussions clearly illustrated the importance of international exchange of ideas and collaboration over borders. The first Executive Committee was elected with W.Fred van Raaij as President.

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