

DISSERTATION PROPOSAL

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“Essays on the Economics of Mental Resources”

Tuesday, December 8, 2020

9:00am EST

Zoom: <https://cmu.zoom.us/j/95900557244?pwd=Z0I5c0RpWTFLWmwvUnFDaDJqcVZxdz09>

Economics analysis has traditionally focused on physical resources such as land, labor, and capital, but mental resources also play an important role in the economy. This proposal explores how bounds on cognitive resources shape a variety of economic phenomena. The first chapter uses a behavioral model of inference to reconsider the rational expectations hypothesis. Contrary to intuition, it is shown that large populations of boundedly-rational agents can, in a precise sense, form expectations that are more rational than the agents that make them up, but only under certain circumstances, which the model clarifies. The second chapter presents an account of two attention-directing motivational states—boredom and flow—based on the premise that they exist to help us allocate the scarce cognitive resource of attention. An economic formulation of this psychological problem yields insights into phenomena such as workplace boredom and smartphone addiction. The third chapter outlines a review article that will further develop the importance of attention for diverse economic areas, such as finance, consumer behavior, strategy, and policy.