The Legacy of Herbert Simon in Economic Analysis

Intellectual Legacies in Modern Economics series

Edited by Peter E. Earl, Senior Lecturer in Business Economics, University of Queensland, Australia

Herbert A. Simon has been a leading contributor to cognitive psychology, computer science, public administration, philosophy and statistics, and is the winner of the 1978 Nobel Memorial Prize in Economics. As this authoritative collection demonstrates, his impact on economics has been felt in areas as diverse as the theory of the firm and economic organization, consumer behaviour, law and economics, and environmental economics. Central to his work is the notion of bounded rationality – the mismatch between human decision-making capacities and the scale of the decision problems that people face, which results in satisficing rather than optimizing behaviour – and his belief that economic research should start from the study of actual behaviour rather than being based on convenient but unrealistic assumptions. Peter Earl’s choice of articles shows both the kind of economics that emerges when Simon’s philosophy is followed comprehensively, and what happens when neo-classical economists partially adopt his ideas.

‘Editing two volumes on The Legacy of Herbert Simon in Economic Analysis is no easy task, which makes the reader all the more appreciative of the superb service Peter Earl has rendered here.’


‘Peter E. Earl has provided an extremely valuable resource for researchers comprising 50 papers which measure the scope and depth of Simon’s key ideas on economic theory. . . both volumes encompass the core achievements of Simon in economics, game theory and artificial intelligence as this bears on behaviour (BR).’

– K. Lawler, Economic Issues

‘Herbert Simon was a towering figure in 20th century science, making lasting contributions to numerous disciplines and fields, and earning the 1978 Nobel Prize in economics. However, his work has never been in the mainstream of economics and has only been imperfectly absorbed by those who have taken an interest. However, a number of recent developments in fields such as the theory of the firm, game theory, law and economics and finance indicates a growing interest in bounded rationality and a greater willingness to let notions of bounded rationality influence the behavioral core of economics. Peter Earl has provided a very useful service to the profession in putting together this collection of classic papers on the legacy of Herbert Simon in economics, including papers by Simon himself as well as papers that have been very difficult to find. The collection is excellent in terms of its coverage and balance. Earl has written extremely useful introductions to each volume. The collection surely belongs not only in academic libraries but also in the private collections of researchers who want speedy access to the classical writings in the area.’

– Nicolai Foss, Copenhagen Business School, Denmark

2001 1,216 pp Hardback 978 1 85898 526 8 £478.00 £430.20 $693.00 $623.70

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