

XI Culture and Social Contagion

- Social cognition, collective memory
- Durkheim, 1897, suicide rates differ across countries for no more reason than different cultural themes
- A global culture in today's world

From *Irrational Exuberance*

- Moral anchors for the market in the form of human stories
- 1929 is still remembered, and with associations of moral
- Narrative psychology: Robert Abelson, Jerome Bruner
- Identity, ego involvement heightens effect of stories

XII Antisocial Personality Disorder (sociopathy, Diagnostic and Statistical Manual 5)

- Identity: egocentric, self-esteem from personal gain
- Self-direction: absence of prosocial internal standards
- Lack of empathy, incapacity for intimacy
- Manipulative, deceitful, callous, hostile
- Irresponsible, impulsive, risk-taking

Borderline Personality Disorder much more Common in Women

- Instability of interpersonal relationships and self image
- Extremes of overidealization and then devaluation of others
- Depressed moods lasting hours to days
- Inappropriate intense anger
- Frantic efforts to avoid real or imagined abandonment

- Criminology literature finds that 65% to 75% of convicted criminals have APD [Hare found 40%]
- Archives of General Psychiatry have discovered that men with APD have 11 percent less gray matter than normal men in the prefrontal cortex
- Vogel et al. finds no prefrontal abnormalities associated with borderline personality disorder

Finance Profession Tries to Eject Such People and Retain Good

- The profession is substantially successful in removing such people, as are other professions
- For that reason, the impact of public psychological vulnerability is limited by the integrity of the people running the profession
- Still, these vulnerabilities show up in financial phenomena

Aspects of Psychology Play a Role in Many Economic Institutions

- Insurance and loss aversion
- Corporate stocks and gambling
- Bonds and Money Illusion
- Banks and trust
- Central banks and Bubbles
- Investment banks and framing
- Exchanges and sensation seeking
- Options and salience