

## Brief response to Reviewers 1 and 2.

I would first like to thank the reviewers for comments and suggestions, as well as appreciation (although on different parts of my paper according to the reviewer).

In this response I will indicate only the main lines that I will follow in the revision of the paper, in the attempt to meet the points raised.

In general, as suggested by Referee 1, I will make clearer what is different and what is shared in the work of Scitovsky (S) and Behavioural Economics (BE); and, as suggested by Referee 2, I will show better how S may be useful for BE. By so doing, I will opt to keep all the issues discussed in the paper (or even extend them, as suggested by Referee 1), because each of them will be useful to clarify the others.

## Specific response to Referee 1.

- I will discuss how S's analysis of novelty implies reference dependence, which is central in BE's Prospect Theory.
- I will make clearer the distinction between S's concept of 'pleasure' from novelty, and Pope and Selten's concept of utility from future risky events.
- In order to better explain S's type of uncertainty, I will also refer to Shackle's work.
- I will bring together S's entrepreneur's "urge to assume the risk of investment for its own sake" and Kahneman's (2011) concept of entrepreneurs' optimistic bias.

## Specific response to Referee 2.

- The referee observes that S's problem of novelty/comfort choice is a problem restricted to consumers when they are rich, "bored and in search for excitement." This comment induces me to refer to the first edition of *The Joyless Economy (TJE)* as distinct from the second edition and later S's works. In fact, the 'first' S was probably influenced by the debate raised by Keynes and Harrod on how grandchildren will use their overabundant leisure time. But the late S argued that boredom may be a far more general phenomenon. He even attached boredom to people in "miserable living conditions" (Preface to 2nd ed. of *TJE*) because of their insufficient leisure skill. Indeed, such skill marks the difference – according to S – between the choice for novelty as based on the attempt to escape from boredom, and the choice for novelty based on intrinsic motivations. A high level of skill is required only in the second case. Therefore, the late S may be clearer in posing a general problem of choice, for which he used standard arguments based on economic rationality (e.g. 2nd ed. of *TJE*, pp.230-2).
- I will clarify better that S attempted to introduce in economics the possibility that preferences change endogenously, and that the option set may expand. Both aspect may be interesting for BE.
- The referee observes that the psychological theory of arousal underlies S's analysis; and I undoubtedly will amend my omission. However, I will not devote much discussion to this aspect because it does not seem particularly useful for BE, at least in form presented by S. S's original idea (to which the referee refers) was that pleasantness follows an inverted U-shaped relationship with the intensity of stimulation or arousal, as S used in an interchangeable way. However, he was aware that this relationship in terms of arousal had not robust empirical foundation, and that, according to Berlyne, it was rather U-shaped (*TJE*, pp.24-25). Also recent evidence

invites scepticism (e.g. Kubovy in Kahneman et al.'s 1999 book); and psychologists who follow Berlyne's line of research dismiss altogether the construct of arousal (e.g. Silvia, 2005, *Review of General Psychology*, 9, 342-357). Nevertheless, I will better consider that S's analysis on 'sensation seeking behavior' and preference for risk may be interesting for BE.

- I will clarify better which kind of welfare benchmark is implied in S's analysis, and the difference with the benchmark used in BE.