CATEGORIZE THEN CHOOSE:
BOUNDedly RATIONAL CHOICE AND WELFARE

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Abstract
We propose a boundedly rational model of choice where agents categorize alternatives before choosing. The model explains some behavioral anomalies, and it is fully characterised by a property of choice data: a categorizer can never exhibit certain patterns of 'revealed preference reversals'. This model offers clues on the problem of making welfare judgements in the presence of boundedly rational agents. (JEL: D01,D60)

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