ABSTRACT

Within the field of Economics there is great interest in predicting the future. In creating Economic Models the rationale has been to create fixed equations that can account for all variables associated with the issues of capital, labor, wages, prices, tariffs and taxes but few models explored the human variable. Probability Statistics bases decision making models upon mathematical predictions. Game Theory is an economic model that begins to explain the rationale of human decision making, but fails to account for flawed thinking and pathology. Relational Dynamics attempts to provide a means of understanding the strategies used in communication and decision making. Within humanity, not all decisions are made rationally and to account for illogical choices, psychology has provided theories of pathology to explain human idiosyncrasies. This paper will explore personality disorders as described by the DSM V and Relational Dynamics in an attempt to understand how pathology influences relationships, decision making and behavioral economics.

INTRODUCTION

Economics is the science of production, distribution, and consumption of good and services. Within the field of Economics there is great interest in being able to predict the future of these variables and how to influence people’s interest, use and demand of products. In creating Economic Models the rationale has been to create fixed equations that can account for all variables associated with the issues of capital, labor, wages, prices, tariffs and taxes but few models explored the human variable. Probability Statistics bases decision making models upon mathematical predictions. Game Theory is an economic model that
begins to explain the rationale of human decision making, but fails to account for flawed thinking and pathology. Relational Dynamics attempts to provide a means of understanding the strategies used in communication and decision making. Within humanity, not all decisions are made rationally and to account for illogical choices, psychology has provided theories of pathology to explain human idiosyncrasies. Personality Disorders as described by the DSM V (American Psychiatric Association, 2013) effect 56 to 98 million people and their strategies and methodologies to make decisions. This paper will explore the application of the theory of Relational Dynamics to better understand how the pathology of Personality Disorders influence relationships, decision making and behavioral economics and how to strategize to create cooperative relationships with these individuals.

**ECONOMICS AND THE PSYCHOLOGY OF DECISION MAKING**

Economics has attempted to predict the ebb and flow of resources and human interaction with the market of supply and demand. Psychology has attempted to understand human behavior and predict patterns of behavior that appear to be advantageous to society (non-pathologic) and non-advantageous (pathologic). Just as markets change in the world’s economy, what is considered pathology changes within psychology in response to the normative view in a particular setting (e.g. culture) or time period (e.g. Victorian Era). An effort has been made since the conception of both disciplines to discover “the model” for prediction, yet in reality, models created for dynamic forces require fluidity rather than a fixed equation. The difficulty with prediction and a “moving target” is that the model must also be able to adapt to fluxions (Hubbard & Kane, 2013). Chaos Theory is a related model that attempts to understand the immediate and long term effects created by a single event or variable on others, or a combination of multiple events and how they transform into something greater than conventional addition (Gleick, 1987).

Relational Dynamics explores how humans interact in relationship to others and objects. Other people provide two and more person interactions that volley back and forth in an attempt to form a match (where there is mutual understanding and the needs of drives are met). Objects, such as buildings, monuments, personal possessions, all retain some message or meaning to the individual. These messages are sometimes pure projections (e.g. a watch that was my father’s reinforcing me to use time wisely) or they can be intentionally set within the creator(s) as is found in art work (Leonardo Di Vinci’s Madonna-the sacredness of mother and child/God and human). (Bathory & Lajbenšperger, 2014) Relational Dynamics is able to account for the use of different strategies by the “same” individual at “different” times and places. Here our strategies change dependent upon if we wish to win, lose, defect, or not participate in a situation that may be referred to as our motive. Strategies also change due to influences of our history (Personal history, Collective History and Collaborative History). Relational Dynamics can assist in predicting how a person, or group will ultimately behave, given the necessary variables. The variables include information about the personal and collective past and present, drives (Domination and Acceptance), and strategies (a means of obtaining what is desired from the other). Drives and strategies can be fluid, which makes the person responsible to meet their own needs and that of others (being collaborative) or be fixated (as in the case of Personality Disorders, other psychological disorders; where the individual reenacts the same scenario or strategy whether advantageous or not). In exploring decision making and personality we will review decision making and economics, the principles of Relational Dynamics and finally how pathology in the form of Personality Disorders effects the model of decision making through