Where the Rational Model Breaks

Economics

The assumptions of standard theory, and the evidence against each.

Assumption and the finding against it.

Assumption	Evidence against
Stable preferences	Preferences reverse with framing
Unlimited computation	Bounded rationality, heuristics
Self-interest only	Fairness and reciprocity in games
Consistent time preference	Present bias and reversals
Full information use	Systematic neglect of base rates

The model remains useful as a benchmark. Its failures are systematic and predictable, which is what makes them modellable.