Contents

List of Figures and Tables	Xii
Abbreviations	XV
Introduction	I
1. The Law, Economics, and Psychology of Consumer	
Contracts	6
Introduction	6
I. The Behavioral Economics of Consumer Contracts	7
II. Welfare Implications	23
III. Market Solutions and Their Limits	26
IV. Policy Implications: Disclosure Regulation	32
Conclusion	43
Appendix	44
2. Credit Cards	5]
Introduction	51
I. The Credit Card Market	50
II. The Credit Card Contract	6:
III. Rational-Choice Theories and Their Limits	75
IV. A Behavioral-Economics Theory	78
V. Welfare Implications	9'
VI. Market Solutions	IO
VII. Policy Implications: Rethinking Disclosure	IO
Conclusion	II2
Appendix: Teaser Rates	II3
3. Mortgages	II
Introduction	IIC
I. The Subprime Mortgage Market	128
II. The Subprime Mortgage Contract	135

III. Rational-Choice Theories and Their Limits	146
IV. A Behavioral-Economics Theory	156
V. Welfare Implications	166
VI. Policy Implications	174
Conclusion	183
4. Cell Phones	185
Introduction	185
I. The Cell Phone and the Cellular Service Market	194
II. The Cellular Service Contract	205
III. Explaining the Cellular Service Contract	212
IV. Welfare Implications	229
V. Market Solutions	233
VI. Policy Implications	238
Conclusion	246
Conclusion	248
Bibliography	251
Index	269