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## Topics in Decision Theory

**Course description:** This mini course will focus on a (biased) selection of models of decision making that deal with known critiques of the standard Expected Utility approach.

### COURSE OUTLINE (asterisk (\*) denotes required reading)

#### 1 Non-Expected Utility under risk

- Dekel, E. (1986) “An axiomatic Characterization of Preferences under Uncertainty: Weakening the Independence Axiom,” *Journal of Economic Theory*, 304-318.
- Gul, F. (1991) “A Theory of Disappointment Aversion,” *Econometrica*, 59, No 3, 667-686.
- Machina, M. (1982) “‘Expected Utility’ Analysis without the Independence Axiom,” *Econometrica*, 277–323
- Segal, U. and A. Spivak: (1997) “First Order of Risk Aversion and Non-Differentiability”, *Journal of Economic Theory*, Vol. 9, pp. 179–183.
- Cerreia-Vioglio, S., D. Dillenberger, and P. Ortoleva (2015): “Cautious Expected Utility and the Certainty Effect,” *Econometrica*, 83, 693–728. (\*)

#### 1.2 Further Readings

- (Survey) Starmer, C. (2000). “Developments in non-expected utility theory: The hunt for a descriptive theory of choice under risk.” *Journal of Economic Literature*. 38, 332-382.

#### 2 Non-Expected Utility without reduction

- Segal, U. (1990) “Two stage lotteries without the reduction axiom”, *Econometrica*, 58, 349-377.

- Dillenberger, D. (2010) ``Preferences for one-shot resolution of uncertainty and Allais-type behavior," *Econometrica*, 78, 1973-2004. (\*)
- Kreps D., and E., Porteus (1978) ``Temporal resolution of uncertainty and dynamic choice theory," *Econometrica*, 46: 185-200.\*
- Dillenberger, D., and U. Segal (2021) "Allocation Mechanisms without Reduction." *American Economic Review: Insights*, 3 (4): 455-70. (\*)

### 3 Non-Expected Utility and stochastic choice

- Gul, F., and W. Pesendorfer (2006) ``Random Expected Utility," *Econometrica*, 74, 121-146
- Lu. J. (2016) ``Random choice and private information," *Econometrica* , forthcoming.
- Fudenberg, D. and T. Strzalecki (2015) "Dynamic logit with choice aversion," *Econometrica*, Volume 83, Issue 2., 651-691
- Cerreia-Vioglio, S., D. Dillenberger, P. Ortoleva, and G. Riella (2019) "Deliberately Stochastic." *American Economic Review*, 109 (7): 2425-45.(\*)