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## Decision Theories beyond Expected Utility

In this seminar we discuss some theories of decision-making under risk and uncertainty that have been put forward since the late 1970s and go beyond traditional Expected Utility Theory.

### CLASS 1

#### Decision making under risk

- Expected utility: quick recap and the Allais paradox
- Prospect Theory (PT)
- Modelling risk attitudes in PT

### CLASS 2

#### Decision making under risk (continues)

- Cumulative Prospect Theory (CPT)
- Modelling risk attitudes in CPT
- Problems for PT and CPT

### CLASS 3

#### Decision making under risk (continues)

- A look at the heuristic approach: the Priority Heuristic Model

#### Decision making under uncertainty

- Subjective expected utility: quick recap and the Ellsberg paradox
- Choquet Expected Utility and Maxmin Expected Utility: an overview

### REFERENCES

#### Primary literature: risk

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- Tversky, A., and D. Kahneman. 1992. Advances in Prospect Theory. *Journal of Risk and Uncertainty* 5, 297–323.

#### Primary literature: uncertainty

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- Schmeidler, D. 1989. Subjective Probability and Expected Utility without Additivity. *Econometrica* 57, 571–587.

#### Secondary literature

- Gilboa, I. 2009. *Theory of Decision under Uncertainty*. Cambridge: Cambridge University Press.
- Gilboa, I., and M. Marinacci 2013. Ambiguity and the Bayesian paradigm. In *Advances in Economics and Econometrics*, Vol. 1, eds. D. Acemoglu et al., 179–242. Cambridge University Press.
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