

**PSYCHOLOGY 7536:  
CHOICES, VALUES, AND FRAMES**

[http://psych.colorado.edu/~vanboven/teaching/p7536\\_choice/psyc7536.html](http://psych.colorado.edu/~vanboven/teaching/p7536_choice/psyc7536.html)

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**Overview**

This doctoral seminar will examine descriptive models of decision making with an emphasis on underlying psychological processes. Taking Prospect Theory as our starting point, we will examine in some detail the theory's various theoretical and empirical implications. We will also emphasize recent theoretical and empirical studies of the interplay between choice, emotion, physiology, and contextual factors.

**Readings**

Kahneman, D., & Tversky, A. (2000). *Choices, values, and frames*. Cambridge University Press. (KT).

Purchase this book from Amazon.com or some such source. Additional readings can be accessed via the course web site.

**Grades**

*Participation and presentation (50%)*

All students are expected to participate in class discussion. Each week two "discussion leaders" will guide our conversation about the readings. Leaders will communicate with me prior to class to plan discussion topics.

*Final paper (50%)*

Each student will write a research proposal paper (15 page limit). This paper should outline an experiment or series of experiments that would constitute an important empirical and theoretical advance in the study of decision making. The proposal should present an original research idea, a brief literature review, hypothesis, and a research design. Each student will present a brief summary of the proposed research during the last two weeks of class.

- 18 Jan Organizational meeting**  
Kahneman, D., & Tversky, A. Choices, values, and frames. (KT).
- 25 Jan No class, SPSP**
- 1 Feb Prospect theory**  
Kahneman, D., & Tversky, A. Prospect Theory: An analysis of decision under risk. (KT).  
Tversky, A., & Kahneman, D. Advances in Prospect Theory: Cumulative representation of uncertainty. (KT).
- 8 Feb Value function revisited**  
Carmon, Z., & Ariely, D. (2000). Focusing on the forgone: How value can appear so different to buyers and sellers. *Journal of Consumer Research*, 27, 360-370.  
Hsee, C. K., & Rottenstreich, Y. (2004). Music, pandas, and muggers: On the affective psychology of value. *Journal of Experimental Psychology: General*, 133, 23-30.  
Lerner, J. S., Small, D. A., & Loewenstein, G. (2004). Heart strings and purse strings: Carryover effects of emotions on economic decisions. *Psychological Science*, 15, 337-341.
- 15 Feb Weighting function revisited**  
Fox, C. R., & Tversky, A. Ambiguity aversion and comparative ignorance. (KT).  
Lerner, J. S., & Keltner, D. (2001). Fear, anger, and risk. *Journal of Personality and Social Psychology*, 81, 146-159.  
Rottenstreich, Y., & Hsee, C. K. (2001). Money, kisses, and electric shocks: On the affective psychology of risk. *Psychological Science*, 12, 185-190.
- 22 Feb Mental accounting**  
Thaler, R. H. Mental accounting matters. (KT).  
Camerer, C. F., Babcock, L., Loewenstein, G., & Thaler, R. H. Labor supply of New York city cab drivers: One day at a time. (KT).  
Odean, T. Are investors reluctant to realize their losses? (KT).
- 1 Mar Preference construction 1: task effects**  
Hsee, C. K. Attribute evaluability: Its implications for joint-separate evaluation reversals and beyond. (KT).  
Shafir, E. (1993). Choosing versus rejecting: Why some options are both better and worse than others. *Memory & Cognition*, 21, 546-556.  
Tversky, A., Sattath, S., & Slovic, P. Contingent weighting in judgment and choice. (KT).

**8 Mar Preference construction 2: Context effects**

Ariely, D., Loewenstein, G., & Prelec, D. (2003). "Coherent arbitrariness": Stable demand curves without stable preferences. *The Quarterly Journal of Economics*, 118, 73-105.

Frey, B. S., & Oberholzer-Gee, F. (1997). The cost of price incentives: An empirical analysis of motivation crowding-out. *American Economic Review*, 87, 746-755.

Tversky, A., & Simonson, I. Context-dependent preferences. (KT).

**15 Mar Reason based choice and social factors**

Kahneman, D., Knetsch, J. L., & Thaler, R. H. Fairness as a constraint on profit seeking: Entitlements in the market. (KT).

Shafir, E., Simonson, I., & Tversky, A. Reason-based choice. (KT).

Snibbe, A. C., & Markus, H. R. (2005). You can't always get what you want: Educational attainment, agency, and choice. *Journal of Personality and Social Psychology*, 88, 703-720.

**22 Mar Intertemporal choice**

Loewenstein, G. F., & Prelec, D. Preferences for sequences of outcomes. (KT).

Simonson, I. The effect of purchase quantity and timing on variety-seeking behavior. (KT).

Trope, Y., & Liberman, N. (2000). Temporal construal and time-dependent changes in preference. *Journal of Personality & Social Psychology*, 79, 876-889.

**29 Mar No class, Spring Break**

**5 Apr Choice overload and control**

Iyengar, S., & Lepper, M. R. (2000). When choice is demotivating: Can one desire too much of a good thing? *Journal of Personality and Social Psychology*, 79, 995-1006.

Baumeister, R.F., Bratslavsky, E., Muraven, M., & Tice, D.M. (1998). Ego depletion: Is the active self a limited resource? *Journal of Personality and Social Psychology*, 74, 1252-1265.

Metcalf, J., & Mischel, W. (1999). A hot/cool system analysis of delay of gratification: Dynamics of willpower. *Psychological Review*, 106, 3-19.

**12 Apr Consciousness**

Dijksterhuis, A. (2004). Think different: The merits of unconscious thought in preference development and decision making. *Journal of Personality and Social Psychology*, 87, 586-598.

Wilson, T. D., & Schooler, J. W. (1991). Thinking too much: Introspection can reduce the quality of preferences and decisions. *Journal of Personality and Social Psychology*, *60*, 181-192.

Janiszewski, C., & van Osselaer S. M. J. (2005). Behavior activation is not enough. *Journal of Consumer Psychology*, *15*, 218–224.

Simonson, I. (2005). In defense of consciousness: The role of conscious and unconscious inputs in consumer choice. *Journal of Consumer Psychology*, *15*, 211-217.

**19 Apr Value revisited**

Fischhoff, B. Value elicitation: Is there anything in there? (KT).

Kahneman, D., Ritov, I., & Schkade, D. Economic preferences or attitude expression? An analysis of dollar responses to public issues. (KT).

Yeung, N., & Sanfey, A. G. (2004). Independent coding of reward magnitude and valence in the human brain. *The Journal of Neuroscience*, *24*, 6528-6264.

Sanfey, A. G., Rilling, J. K., Aronson, J. A., Nystrom, L. E., & Cohen, J. D. (2003). The neural basis of economic decision-making in the ultimatum game. *Science*, *300*, 1755-1758.

**26 Apr Rationality reconsidered and research proposal presentations**

Chen, M. K., Lakshminarayanan, V., Santos, L. (2005). *How basic are behavioral biases? Evidence from Capuchin-monkey trading behavior.* Working paper, Yale School of Management.

Shafir, E., & LeBoeuf, R. A. (2002). Rationality. *Annual Review of Psychology*, *53*, 491-517.

**3 May Research proposal presentations**

**8 May Final papers due, 5:00**