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

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

15 Feb  Weighting function revisited
Fox, C. R., & Tversky, A. Ambiguity aversion and comparative ignorance. (KT).

22 Feb  Mental accounting
Thaler, R. H. Mental accounting matters. (KT).
Odean, T. Are investors reluctant to realize their losses? (KT).

1 Mar  Preference construction 1: task effects
Tversky, A., Sattath, S., & Slovic, P. Contingent weighting in judgment and choice. (KT).
8 Mar  Preference construction 2: Context effects


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).


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).


29 Mar  No class, Spring Break

5 Apr  Choice overload and control


12 Apr  Consciousness


**19 Apr**  Value revisited

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


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


**3 May** Research proposal presentations

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