

# Prospect Theory as a Model of Risky Choice: Descriptive and Normative Assessments

October 16 and 17, 2017  
Cork, Ireland: University College Cork

## General Information

Prospect theory, as originally developed and subsequently refined by Kahneman and Tversky, is widely regarded as the most sophisticated theoretical achievement of behavioral economics. Its great importance, especially with respect to the concepts it introduced, is beyond serious dispute. However, like any major scientific model, it is vulnerable to being interpreted as dogma, as a statement of truth that can be used as an argument-stopper and as a basis for sweeping rejection of perspectives with which it is in tension. Empirical investigations of prospect theory, both in its original (1979) articulation and its 'cumulative' (1992) version that accommodates econometric identification and estimation, are equivocal in their results, certainly more interesting than straightforward 'confirmation' or 'refutation'. Additionally, important questions about prospect theory's completeness or adequacy as a descriptive theory of choice under risk and uncertainty spill over into problems of normative assessment, about welfare and well-being, raised by behavioral and experimental economics. At a time when more and more governments and companies are adopting policies and strategies based on their interpretations of results from behavioral economics, joint assessment of prospect theory's descriptive and normative authority is directly relevant to management of institutional, political, environmental, and personal risk. In this workshop we will bring together economists and philosophers to critically review the empirical status of prospect theory, in both original and cumulative forms, along with the implications of this status for public, corporate and household policies.

## Organizers

Glenn Harrison (CEAR, Georgia State University) and Don Ross (University College Cork, University of Cape Town, and CEAR) are the organizers of this workshop. Funding is being provided by CEAR. For more information on CEAR, see [cear.gsu.edu](http://cear.gsu.edu). For more information on UCC, see <http://www.ucc.ie/en/>. Standard travel and accommodation support for paper presenters will be provided. Should you have any questions, please contact Professor Don Ross at [don.ross931@gmail.com](mailto:don.ross931@gmail.com) about the substance of the workshop, and contact Mark Schneider at [cear@gsu.edu](mailto:cear@gsu.edu) with questions about participation and logistics.

There will be meals provided throughout the conference. Please contact [cear@gsu.edu](mailto:cear@gsu.edu) should you have any dietary restrictions or special needs.

## Location

The workshop will be held in ROOM 226 of the Western Gateway Building, [on Western Road](#), at University College Cork.

Presenters will be accommodated at the Hayfield Manor Hotel, <http://www.hayfieldmanor.ie>, Cork's 5-star hotel that embodies the ambient charm and historical depth of Ireland's special culture.

Cork is the Irish Republic's second city, European headquarters of Apple and other major companies, and famous for traditional artisanal foods, Murphy's and Beamish stout ales, and historic architecture.

<http://www.irishexaminer.com/lifestyle/travel/hidden-gems-the-best-things-to-do-in-cork-332551.html>

### Lodging

We have booked a room at the Hayfield Manor Hotel for all of the presenters, checking in on 15 October and checking out on 18 October (unless otherwise discussed). These nights will be paid for in advance, so the only cost to you would be incidentals and any additional services you might need. If you require additional nights, please let us know, and we will coordinate with the hotel to try to accommodate as best as possible.

### Travel

Cork Airport is directly served from various airports in the United Kingdom, plus Amsterdam, Paris, Munich, and Reykjavik. Iceland's WOW airline connects Cork to various North American destinations via Reykjavik. All major airline hubs abroad are connected to Dublin Airport, from which Cork is reached in about 3 hours by overland shuttle.

For more information on how to get to UCC, see <https://www.ucc.ie/en/about/visitors/getting-here/>.

If one flies to either Dublin or Shannon with Aer Lingus, direct from the US, then on the return trip one clears US immigration in Ireland. KLM / Delta has direct flights from Amsterdam to Cork, but a more flexible schedule between Amsterdam and Dublin.

### Confirmed speakers (as of 02/10/2017)

Erik Angner – University of Stockholm

Till Grüne-Yanoff – KTH Stockholm

Glenn Harrison – Georgia State University, University of Cape Town

John Hey – University of York

Harold Kincaid – University of Cape Town

Guilhem Lecouteux – Université Côte d'Azur, CNRS, GREDEG, France

Caterina Marchionni – University of Helsinki

Michiru Nagatsu – University of Helsinki

Daniel Read – Warwick Business School

Don Ross – University College Cork, University of Cape Town, Georgia State University

James Todd Swarthout – Georgia State University

Mariam Thalos – University of Utah

Nat Wilcox – Chapman University

**PROGRAM – Monday, 16 October 2017**

---

**08:45 – 09:00** Coffee / Pastries

---

**09:00 – 09:15** Welcome and Introductions

---

**Session A**      **09:15 – 10:15** Glenn Harrison:  
Cumulative Prospect Theory: The Empirical Track Record in the Lab

---

**10:15 – 11:15** J. Todd Swarthout:  
Cumulative Prospect Theory in the Laboratory: A Reconsideration

---

**11:15 – 11:30** Break

---

**Session B**      **11:30 – 12:30** Harold Kincaid:  
Prospect Theory in the Wild: A Critical Appraisal

---

**12:30 – 13:45** Lunch

---

**Session C**      **13:45 – 14:45** Till Grüne-Yanoff:  
CPT, RDU, EUT - How to Justify their Normative Validity

---

**14:45 – 15:45** Guilhem Lecouteux:  
Is Loss Aversion an Error? Disentangling Welfare and Errors Within Individual Preferences

---

**15:45 – 16:00** Break

---

**Session D**      **16:00 – 17:00** Caterina Marchionni:  
Making Progress Horizontally: The Case of Prospect Theory

---

**Session E**      **17:00 – 18:00** Don Ross:  
The Behavioral Welfare Economics Project and Universal Basic Income

---

**18:00 – 19:30** Free time

---

**19:30 – TBD** Conference Dinner (by invitation, held at The Spice Inn)

---

**PROGRAM – Tuesday, 17 October 2017**

---

<b>Session E</b>	<b>09:00 – 10:00</b>	John Hey: Experimental Methods for Eliciting Preferences
	<b>10:00 – 11:00</b>	Nat Wilcox: Discrete Choice Is Dead, Long Live Discrete Choice: A Problem with Money Equivalents
	<b>11:00 – 11:15</b>	Break
<b>Session F</b>	<b>11:15 – 12:15</b>	Michiru Nagatsu: Beyond Model-Stretching: A Case Study of Behavioral Econometrics of Risky Choice
	<b>12:15 – 13:30</b>	Lunch
<b>Session G</b>	<b>13:30 – 14:30</b>	Erik Angner: We're All Behavioural Economists Now
	<b>14:30 – 15:30</b>	Mariam Thalos: The Status of the Status-Quo Bias as a Principle of Decision
	<b>15:30 – 15:45</b>	Break
<b>Session H</b>	<b>15:45 – 16:45</b>	Daniel Read: Reference Points in Intertemporal Choice: Zero Effects
	<b>16:45 – 17:45</b>	Concluding general discussion Chair: Don Ross
	<b>17:45 – 18:00</b>	Closing Remarks & Conference Adjourns
	<b>18:15 – 21:00</b>	Shuttle to "Dun Rua" for buffet dinner and drinks. Shuttle leaves from conference venue. Drops off back at the hotel.

---