



School of **Sociology,
Philosophy, Criminology,
Government, and Politics**

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

October 7 and 8, 2019

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. Should you have any questions, please contact Don Ross at don.ross931@gmail.com about the substance of the workshop, and contact CEAR at cear@gsu.edu with questions about participation and logistics.

Sponsors and Funding

The conference is sponsored and funded by the Center for the Economic Analysis of Risk (CEAR), located in the J. Mack Robinson College of Business at Georgia State University. Go to cear.gsu.edu for more information on CEAR. For more information on University College Cork (UCC) go to ucc.ie/en/.

Standard travel and accommodation support for paper presenters will be provided, and we will contact those parties directly for procedures and guidelines.

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

Location

The workshop will be held at the Hayfield Manor Hotel, <http://www.hayfieldmanor.ie>. Presenters will also be accommodated at the Hayfield Manor, which is 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

CEAR will book rooms at the Hayfield Manor Hotel for presenters, checking in on October 6 and checking out on October 9 (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. We are holding the workshop on a Monday and Tuesday due to hotel costs being particularly high for Friday and Saturday night stays; we do not have "special rates" if someone wants to stay additional days.

Travel

Cork Airport is directly served from various airports in the United Kingdom, plus Amsterdam, Paris, and Munich. 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 or Delta, direct from the US, then on the return trip one clears US immigration in Ireland -- note that this does not apply to other U.S. carriers, as they route through Heathrow. KLM / Delta has direct flights from Amsterdam to Cork, but a more flexible schedule between Amsterdam and Dublin.

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PROGRAM – Monday, October 7

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| 09:00 – 09:30 | Coffee and Opening Remarks by Organizers (Glenn Harrison, Don Ross) |
| 09:30 – 10:30 | “Cumulative Prospect Theory in the Laboratory: A Reconsideration” Glenn Harrison (Georgia State University) & J. Todd Swarthout (Georgia State University) |
| 10:30 – 11:30 | “Unusual Estimates of Probability Weighting Functions” Nathaniel Wilcox (Chapman University) |
| 11:30 – 12:00 | Coffee Break (provided) |
| 12:00 – 13:00 | TBA Harold Kincaid (University of Cape Town) |
| 13:00 – 14:00 | Lunch (provided) |
| 14:00 – 15:00 | “Probability Weighting and Cognitive Ability” Syngjoo Choi (Seoul National University), Jeongbin Kim (California Institute of Technology), Eungik Lee (New York University), & Jungmin Lee (Seoul National University) |
| 15:00 – 16:00 | “Temporal Stability of Cumulative Prospect Theory” Morten I. Lau (Copenhagen Business School and Durham University), Hong Il Yoo (Durham University), & Hongming Zhao (Durham University) |
| TBD | Conference Dinner for speakers and invited guests |

PROGRAM – Tuesday, October 8

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| 09:00 – 09:30 | Coffee and light pastries (provided) |
| 09:30 – 10:30 | “Normalization Model Offers an Alternative Explanation of the Origins of Risk Attitudes, Loss Aversion, Probability Weighting, and Endowment Effect” Agnieszka Tymula (University of Sydney) & Paul Glimcher (New York University) |
| 10:30 – 11:30 | “Prospect Theory and Higher-Order Risk Preferences” Konstantinos Georgalos (Lancaster University), Ivan Paya (Lancaster University), & David Peel (Lancaster University) |
| 11:30 – 12:00 | Coffee Break (provided) |
| 12:00 – 13:00 | TBA Johanna Thoma (London School of Economics) |
| 13:00 – 14:00 | Lunch (provided) |
| 14:00 – 15:00 | “Why Would Prospect Theory Preferences Not Be Welfare-Relevant?” Til Grüne-Yanoff (KTH) |
| 15:00 – 16:00 | “Behavioural Welfare Economics and the Quantitative Intentional Stance” Glenn Harrison (Georgia State University) & Don Ross (University College Cork, University of Cape Town, & Georgia State University) |
| 16:00 | Conference concludes |