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Lectures Monday 12:00–3:00, Conference room.
Office Hours Wed 2–3. Otherwise, by appointment.

Structure This is a small course which will be given as a seminar. This
means the following. Although parts of the meetings will be devoted
to lectures, a large part of each meeting will be a discussion of what
you read before class.

Readings Mostly articles. Every week you will be asked to read one or two
papers, which will be discussed in class.

Problem Sets Occasional collection of questions.

Your Obligations Your responsibilities are these:

1. Attend the meetings.
2. Read the papers.
3. Discuss them in class.
4. Solve the problem sets.
5. Write a paper.

Grades Will be based on your class performance (20%) and on your paper.
Your paper will summarize some literature on a topic which you and I
will choose together. Your paper will be about 5000 words long and
will have to be submitted before Dec. 24.

If you’ll submit it by Dec. 15 I’ll read it and ask you a question about
it. You will then be able to answer it and add up to 5 points to your
grade.
Topics We’ll discuss the following issues.

- Expected utility and its axioms.
- Violations of Independence and transitivity.
- Prospect theory.
- Rank dependent probabilities.
- Machina’s smooth preferences.
- Betweeness and quadratic preferences.
- Dynamic consistency.
- The reduction axiom.
- Preference reversals.
- Regret.
- Risk aversion.
- Insurance markets.
- Index of risk.
- Measure of riskiness.
- What do experiments prove?
- Savage: Preferences over acts.
- Ellsberg: Ambiguity.
- Choquet expected utility.
- Maxmin expected utility.
- Ambiguity and recursive utility.
- What events are ambiguous?