



Economic Theory, Decision Theory and Experimental Economics
Seminar

Preferences for Information and Ambiguity

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Abstract

This paper studies intrinsic preferences for information and the link between intrinsic information attitudes and ambiguity attitudes, in settings with subjective uncertainty. We enrich the standard dynamic choice model in two dimensions. First, we introduce a novel choice domain that allows preferences to be indexed by the intermediate information, modeled as partitions of the underlying state space. Second, conditional on a given information partition, we allow preferences over state-contingent outcomes to depart from expected utility axioms. In particular, we accommodate ambiguity sensitive preferences. We introduce a property of static preferences called Event Complementarity, and establish its equivalence to aversion to partial information under recursivity. We show that Event Complementarity and aversion to partial information are closely related to ambiguity attitudes. In familiar classes of ambiguity preferences, we identify conditions that characterize aversion to partial information.