

MODELS OF RISK PREFERENCES

Descriptive and Normative Challenges

Edited by Glenn W. Harrison
and Don Ross

RESEARCH IN
EXPERIMENTAL ECONOMICS

VOLUME 22

MODELS OF RISK PREFERENCES

RESEARCH IN EXPERIMENTAL ECONOMICS

Series Editors: R. Mark Isaac and Douglas A. Norton

Recent Volumes:

- Volume 7: Emissions Permit Experiments, 1999
- Volume 8: Research in Experimental Economics, 2001
- Volume 9: Experiments Investigating Market Power, 2002
- Volume 10: Field Experiments in Economics, 2005
- Volume 11: Experiments Investigating Fundraising and Charitable Contributors, 2006
- Volume 12: Risk Aversion in Experiments, 2008
- Volume 13: Charity With Choice, 2010
- Volume 14: Experiments on Energy, The Environment, and Sustainability, 2011
- Volume 15: New Advances in Experimental Research on Corruption, 2012
- Volume 16: Experiments in Financial Economics, 2013
- Volume 17: Experiments in Macroeconomics, 2014
- Volume 18: Replication in Experimental Economics, 2015
- Volume 19: Experiments in Organizational Economics, 2016
- Volume 20: Experimental Economics and Culture, 2018
- Volume 21: Experimental Law and Economics, 2022

RESEARCH IN EXPERIMENTAL ECONOMICS VOLUME 22

**MODELS OF RISK
PREFERENCES:
DESCRIPTIVE AND
NORMATIVE CHALLENGES**

EDITED BY

GLENN W. HARRISON

Georgia State University, USA

and

DON ROSS

University College Cork, Ireland

University of Cape Town, South Africa

Georgia State University, USA

SERIES EDITORS

R. MARK ISAAC

Florida State University, USA

and

DOUGLAS A. NORTON

Florida State University, USA



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Publishing Limited
Emerald Publishing, Floor 5, Northspring, 21-23 Wellington Street, Leeds LS1 4DL.

First edition 2023

Editorial matter and selection © 2023 Glenn W. Harrison and Don Ross. Individual chapters © 2023 The authors. Published under exclusive licence by Emerald Publishing Limited.

Reprints and permissions service

Contact: www.copyright.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-83797-269-2 (Print)

ISBN: 978-1-83797-268-5 (Online)

ISBN: 978-1-83797-270-8 (Epub)

ISSN: 0193-2306 (Series)



INVESTOR IN PEOPLE

CONTENTS

<i>About the Editors</i>	<i>vii</i>
<i>List of Contributors</i>	<i>ix</i>
Introduction <i>Glenn W. Harrison and Don Ross</i>	<i>1</i>
Chapter 1 Behavioral Welfare Economics and the Quantitative Intentional Stance <i>Glenn W. Harrison and Don Ross</i>	<i>7</i>
Chapter 2 Unusual Estimates of Probability Weighting Functions <i>Nathaniel T. Wilcox</i>	<i>69</i>
Chapter 3 Cumulative Prospect Theory in the Laboratory: A Reconsideration <i>Glenn W. Harrison and J. Todd Swarthout</i>	<i>107</i>
Chapter 4 Temporal Stability of Cumulative Prospect Theory <i>Morten I. Lau, Hong Il Yoo and Hongming Zhao</i>	<i>193</i>
Chapter 5 The Welfare Consequences of Individual-level Risk Preference Estimation <i>Brian Albert Monroe</i>	<i>227</i>

This page intentionally left blank

ABOUT THE EDITORS

Glenn W. Harrison is University Distinguished Professor, C.V. Starr Chair of Risk Management & Insurance and Director of the Center for the Economic Analysis of Risk, Maurice R. Greenberg School of Risk Science, J. Mack Robinson College of Business, Georgia State University. His current research spans risk management & perception, experimental economics, behavioral econometrics, behavioral welfare economics, and development economics.

Don Ross is Professor in the School of Society, Politics, and Ethics at University College Cork, Professor in the School of Economics at the University of Cape Town, and Program Director for Methodology at the Centre for the Economic Analysis of Risk at Georgia State University. His current research focuses on experimental studies and theoretical modeling of risk and time preferences in humans and other animals, gambling disorders and policy, economic methodology, the economics of road transport networks in Africa, and the metaphysical implications of science.

This page intentionally left blank

LIST OF CONTRIBUTORS

- Glenn W. Harrison* Maurice R. Greenberg School of Risk Sciences and Center for the Economic Analysis of Risk, Robinson College of Business, Georgia State University, USA; School of Economics, University of Cape Town, South Africa
- Morten I. Lau* Department of Economics, Copenhagen Business School, Copenhagen, Denmark; Department of Economics, Durham University, Durham, UK
- Brian Albert Monroe* School of Economics, University of Cape Town, South Africa
- Don Ross* School of Society, Politics and Ethics, University College Cork, Ireland; Center for the Economic Analysis of Risk, Robinson College of Business, Georgia State University, USA; School of Economics, University of Cape Town, South Africa
- J. Todd Swarthout* Department of Economics, Andrew Young School of Policy Studies, Georgia State University, USA; Center for the Economic Analysis of Risk, Robinson College of Business, Georgia State University, USA
- Nathaniel T. Wilcox* Department of Economics, Walker College of Business, Appalachian State University, Boone, USA
- Hong Il Yoo* School of Business and Economics, Loughborough University, Loughborough, UK
- Hongming Zhao* Department of Economics, Durham University, Durham, UK