

Decision Processes Distinguished Lecture

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“Reflections on Prospect Theory”

Prospect theory (Kahneman and Tversky, 1979) was a theory of a restricted and rather uninteresting domain: choices between monetary gambles with at most two non-zero outcomes and specified probabilities. It turned out to be much more influential than we expected when we wrote it, because some of the concepts were widely applied outside the domain of the theory. I reflect on this improbable history and on the distinct criteria that must be met for a theory of choice to be taken seriously and for it to be influential.