

Decision Processes Colloquia

Monday, February 19, 2018

Where: 340 JMHH

When: 12:00 – 1:20 pm

Russell Golman

Assistant Professor of Behavioral Economics and Decision Science
Carnegie Mellon University, Dietrich College of Humanities and Social
Sciences

Information Gaps and Belief-Based Utility

ABSTRACT:

We propose a theory of preferences regarding the presence and absence of information based on the idea that information gaps—specific uncertainties that we are aware of and attending to—are a source of utility. Our premise is that people may enjoy or dislike thinking about certain beliefs and information gaps and accordingly take actions to manage the attention drawn to them. Our theory can make sense of the acquisition of non-instrumental information and of the avoidance of possibly useful information, as well as explain source-specific risk and ambiguity aversion and seeking. Information acquisition or avoidance can be driven by curiosity (the desire to fill an information gap) and/or a motive to seek (or avoid) information about issues that are pleasurable (or unpleasant) to think about. We thus predict specific instances of information acquisition (e.g., about the answer to a riddle) and information avoidance (e.g., about a medical diagnosis). Gambling can make missing information more important, attracting more attention to an information gap. Thus, we predict that people will wager more about events that they enjoy (rather than dislike) thinking about. A variety of empirical tests confirm our theory's novel predictions.