

Section #1

Rationality & prospect theory

February 2, 2023

5 habits for me & you

1. Show up on time
2. Do what you say you're going to do
3. Finish what you start
4. Under-promise, over-deliver, communicate
5. Say please and thank you

Ways to lose points:

- Absences
- Tardiness (3+)
- Not participating

Ways to gain points:

- Makeup memo (cap 3)
- Helping others
- Keeping the habits

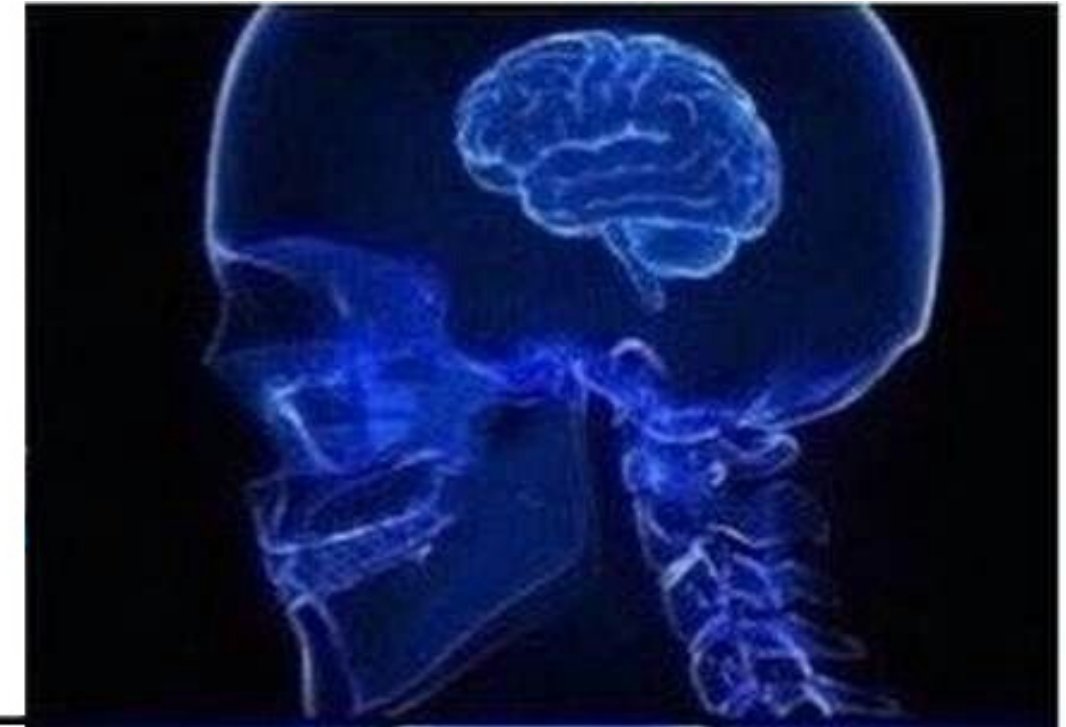
100 pts

Everyone starts with an A+

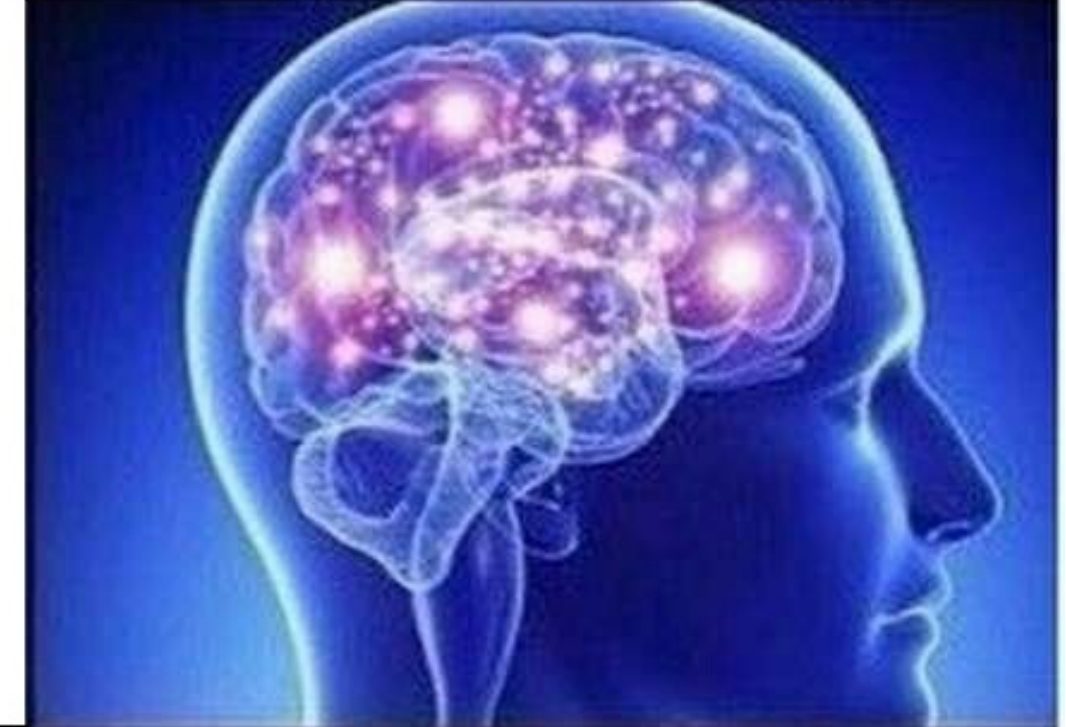
Recap: rationality

What does it mean to be rational?

Instrumental
rationality



Substantive
rationality



Procedural
rationality



Getting Inside Putin's Head: Is He Irrational?

March 14, 2022 5 MIN READ

"... Vladimir Putin is not a rational actor. His asserted casus belli is ahistoric, not supported by the Ukrainian population and not based in reality.

Working many years in the behavioral health field, I often dealt with nonrational patients. None of them controlled a nuclear arsenal or were surrounded by those who shared and supported their irrationality."

William A. Ferry

"It's a common [question](#) that has been [asked](#) every time President Vladimir Putin's expansionist moods appear: Is Mr. Putin a rational actor? The short answer is: yes.

Irrationality shouldn't be conflated with horrific impacts and human suffering. Rational does not mean good or just.

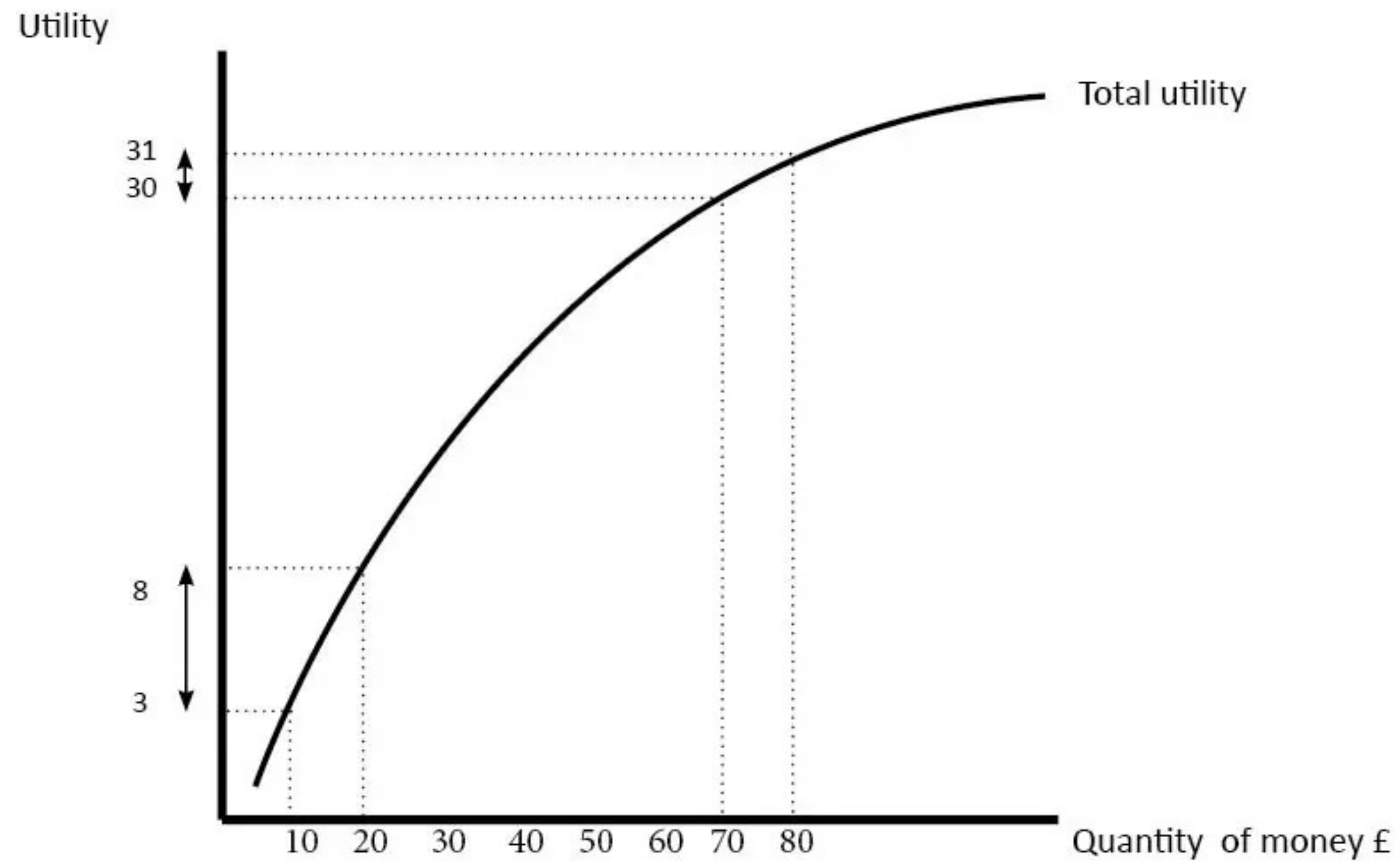
Mr. Putin's goal is not suffering first. War instead is a means to an end — his view of Russia in the 21st century. He sees the human factor as collateral damage, a necessary evil, and as a side effect of his military strategy."

Iveta Cherneva

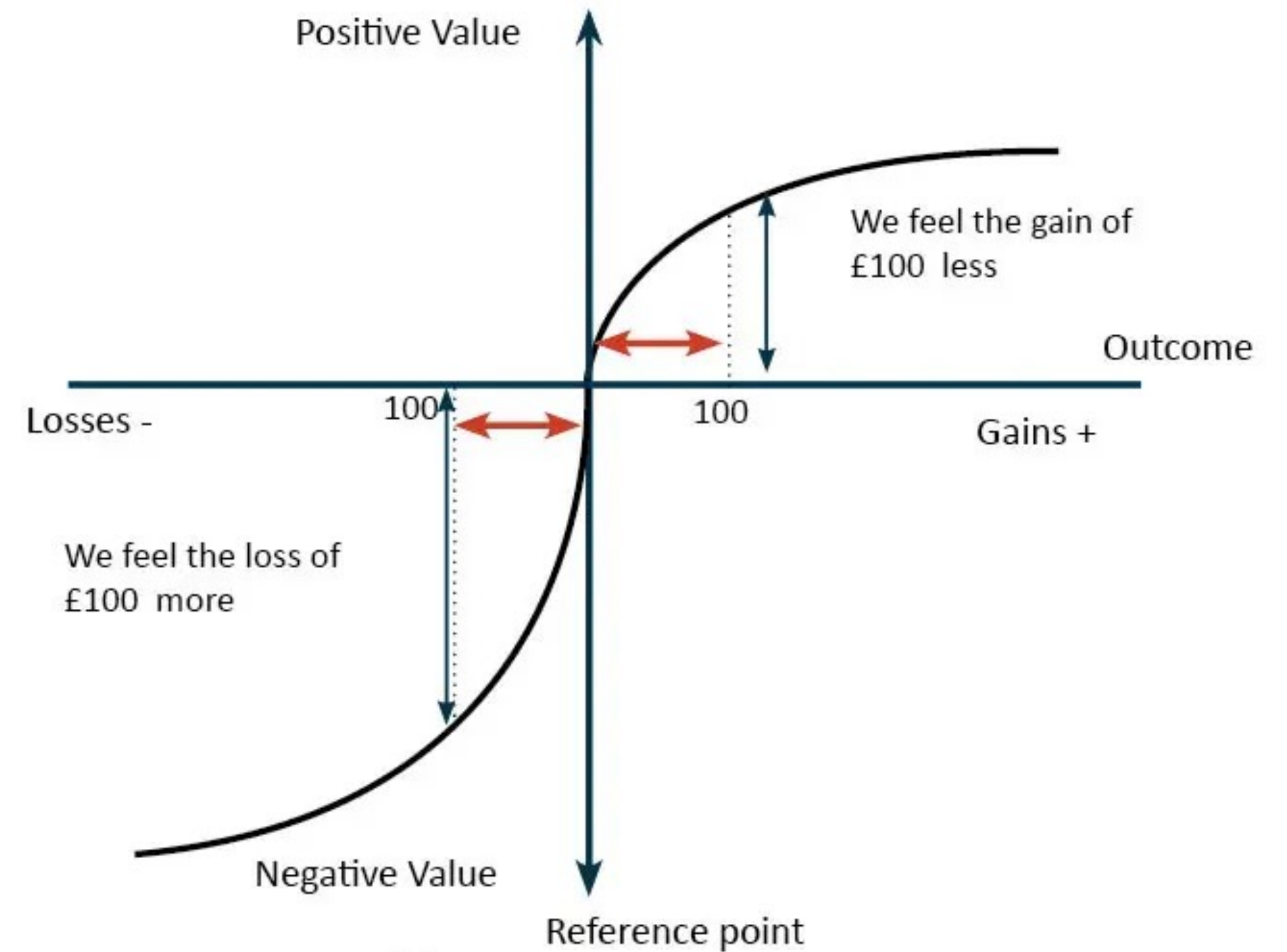
Recap: prospect theory

Expected utility v. Prospect theory

Different value functions



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Expected utility v. Prospect theory

Different probability weighting functions

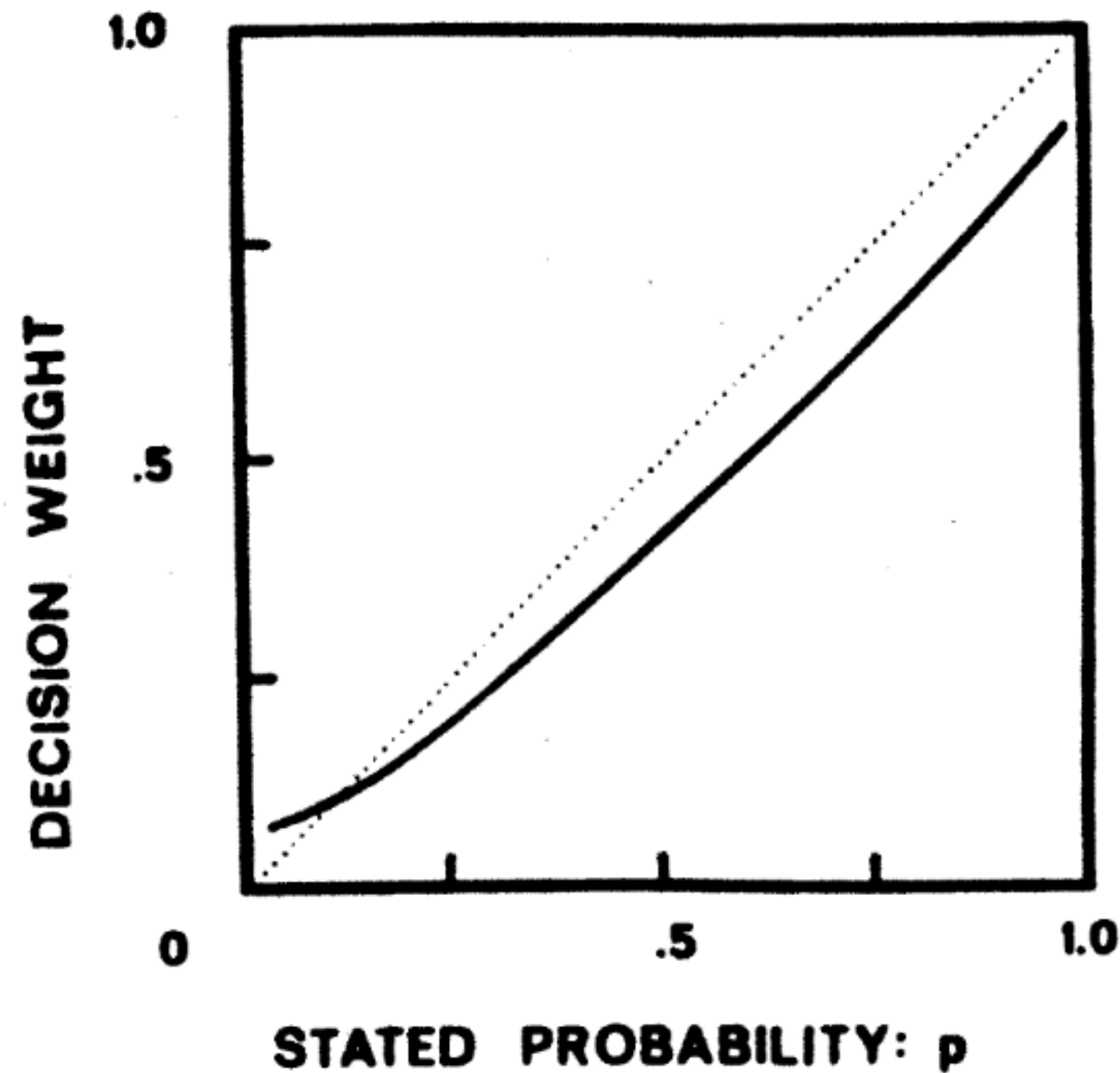


Fig. 2. A hypothetical weighting function.