Newsletter 8/2009

AWI This Week

Wednesday, 22. 4. 09   **Departmental Seminar**

17.15-18.45   José Apesteguia, Universitat Pompeu Fabra, Barcelona
AWI 00.010   "Rationalizability of Choice by Sequential Procedures "

Departmental Seminar

José Apesteguia

"Rationalizability of Choice by Sequential Procedures "

In a sequential rationalization of choice, the successive application of rationales reduces the set of alternatives to a unique element, which is the one actually chosen. We offer a property, Independence of One Irrelevant Alternative (IOIA), that completely characterizes the set of choice functions that are sequentially rationalizable, regardless of the number of rationales required. IOIA constitutes a simple relaxation of the classical property Independence of Irrelevant Alternatives. Our property provides a novel tool with which to study how other behavioral concepts relate to sequential rationalizability, and establishes a priori unexpected implications. In particular, we show that the concept of rationalizability by game trees, which in principle has little to do with sequential rationalizability, is contained in the latter. We also show that some prominent voting mechanisms and choice procedures based on the ordered elimination of alternatives are sequentially rationalizable. Finally, we prove that choice functions exhibiting a status-quo biasare also sequentially rationalizable. Keywords: Individual rationality, Bounded rationality, Behavioral economics. JEL classification numbers: B41, D01. 1

Visitors

David Schmeidler from Tel Aviv University is staying at the AWI for research with Jürgen Eichberger from April 13-20, 2009 (room 01.012a).

Editorial deadline for issue 9/2009 of the newsletter:
Wednesday, April 22, 2009, 12 o'clock
newsletter@awi.uni-heidelberg.de

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