

Valuing a Risky Prospect Less than Its Worst Outcome: Uncertainty Effect or Task Ambiguity?[†]

Andreas Ortmann*, Sasha Prokosheva, Ondřej Rydval

CERGE-EI[‡], Prague, Czech Republic

Ralph Hertwig

University of Basel, Switzerland

July 7, 2007

Abstract

Gneezy, List and Wu [Q. J. Econ. 121 (2006) 1283-1309] document that lotteries are often valued less than the lotteries' worst outcomes. We show how to undo this result.

Abstrakt

Gneezy, List a Wu [Q. J. Econ. 121 (2006) 1283-1309] dokládají, že lidé často přiřazují loteriím hodnotu, která je nižší než nejhorší výsledek loterie. V této studii ukazujeme, jak tento výsledek odstranit.

Keywords: Risky choice, framing, experiments, task ambiguity, subject confusion

JEL classification: C81; C91; C93; D83

[†] This research was supported by a grant from Bank Austria. We thank Pavlo Blavatsky, John Duffy, Uri Gneezy, Glenn Harrison, John List, Tim Salmon, Lise Vesterlund and participants of the ESA World Meeting 2007 at LUISS in Rome for comments.

* E-mail addresses: andreas.ortmann@cerge-ei.cz, aortmann@yahoo.com.

[‡] CERGE-EI is a joint workplace of the Center for Economic Research and Graduate Education, Charles University, and the Economics Institute of Academy of Sciences of the Czech Republic.

Address: CERGE-EI, P.O. Box 882, Politických vězňů 7, Prague 1, 111 21, Czech Republic