Kahneman Questions.

1. Define normative and descriptive models of decision-making. Specifically, describe the expected utility theory of decision-making. What are problems with this model? Describe the Heuristics Model of decision-making. What is the problem with it? 3 pts

2. Define the following and give an example of how each would be used to make a decision: You may find it useful to read the Kahneman or Bias in Judgment Review articles on our syllabus. 4 pts.

- Availability
- Representativeness
- Affective Forecasting; optimism Bias
- Commitment of Escalation

3. What are risk aversion and risk-seeking. How are they affected by framing the question? What are policy implications resulting from particular framing scenarios? 3 pts.