PHIL408R Topics in Contemporary Philosophy: Rational Choice

Instructor:	Eric Pacuit
Semester:	Spring 2013
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Course Website:	pacuit.org/courses/phil408r
Office:	Skinner 1103A
Office Hours:	W 2 - 3.30 PM
Class Times:	MW 1 - 1.50 PM
Class Location:	1115 Skinner

Course Description

Rational choice theory, the core of the economic approach to human behavior, has become an influential approach in all of the social sciences. What makes individual actions rational? Rational choice theory offers a very simple answer: actions are rational if they reflect the maximizing of a consistent preference ordering. This theory, as it has been developed over many years, is now very detailed and complicated. One measure of the success of rational choice theory, perhaps, is for how long it has been able to withstand criticism. Recent developments, especially in behavioral economics, however, have succeeded in putting the standard model under pressure. In this course, we will present the theory of rational choice and also examine different objections to the standard model of rational choice.

Literature

The required book for the course is:

D. Kreps, Notes on the Theory of Choice, Westview Press, 1988.

The following texts are recommended for additional reading:

- K. Binmore, *Rational Decisions*, Princeton University Press, 2009.
- L. Blume and D. Easley, *Rationality*, in the New Palgrave Dictionary of Economics, 2007.
- G. Gaus, On Philosophy, Politics and Economics, Wadsworth Philosophical Topics, 2008.
- I. Gilboa, Rational Choice, The MIT Press, 2010.
- M. Peterson, An Introduction to Decision Theory, Cambridge University Press, 2009.

Attendance and Online Component

This course is officially listed as a "hybrid course". This means that our in class meetings are shorter (50 minutes) and that there is an online component for this course. Since we have less time for in-class meetings, it is *very* important that you attend all the lectures. The online component will consist of pre-recorded lectures (covering background material and material we do not have time to discuss during the lectures) and perhaps some online quizzes and/or discussion. Consult the course website on ELMS (elms.umd.edu) for more information.

Grading Policy

The course requirements are: Participation & short homeworks (10%), problem sets (30%), midterm (30%), and a final exam (30%). The Final will be an in-class exam given during finals week, and the midterm will be a take-home exam.

For the midterm, you may NOT collaborate with others in any way. For the problem sets, you are encouraged to work in small groups. You may discuss the problems with one another or with me as much as you want. *But you must always do the final write-up completely on you own.* A good strategy when working together is to use a blackboard and erase it completely before writing up your (separate) answers. Please write the name of your discussion partner(s) on the front page of your assignments.

Schedule

Below is a tentative schedule for the semester (including tentative dates when the homeworks and midterm will be assigned). A more detailed schedule, including links to the reading material, can be found on the course website.

Week	Date	Topics	Reading
1	Wed $1/23$	Introduction and Basic Concepts	Ch. 1
2	Mon 1/28	Basic Concepts	Ch. 2
2	Wed $1/30$	Basic Concepts	Ch. 2
3	Mon $2/4$	Ordinal Utility	Ch. 3
3	Wed $2/6$	Ordinal Utility	Ch. 3
4*	Mon $2/11$	Decision Matrix	handout
4*	Wed $2/13$	Decision Under Ignorance	handout
5	Mon $2/18$	Decision Under Ignorance	handout
5	Wed 2/20	Decision Under Ignorance	handout
6	Mon $2/25$	Three Theories on getting a Utility Function	Ch. 4
6	Wed $2/27$	Three Theories on getting a Utility Function	Ch. 4
7*	Mon $3/4$	von Neumann-Morgenstern	Ch. 5
7^{*}	Wed $3/6$	von Neumann-Morgenstern	Ch. 5
8	Mon $3/11$	von Neumann-Morgenstern	Ch. 5
8	Wed $3/13$	St. Petersburg and Utility for Money	Ch. 6
9	Mon 3/18	Spring Break	
9 9	Mon 3/18 Wed 3/20	Spring Break Spring Break	
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	Mon 3/18 Wed 3/20 Mon 3/25 Wed 3/27	Spring BreakSpring BreakAllais ParadoxAnscombe-Aumann	handout Ch. 7
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