

**Speaker:** Julia Müller (Erasmus University of Rotterdam)

## **The Rich Domain of Ambiguity Explored**

### **Abstract**

In many economic situations we are facing uncertainty i.e. events that do not have a probability assignment. We investigate ambiguity attitudes in five different contexts, systematically exploring the dependence of attitudes on outcomes and events. In our experimental analysis we assess the stability for the domains of monetary outcome, time and life duration. The uncertainty is created by three different sources: the classical ten-colour Ellsberg urn and by two real-life stories. Our findings support event dependence over outcome dependence of ambiguity attitudes, thus supporting event-based theories such as multiple priors, Choquet expected utility, and prospect theory over outcome-based theories such as the smooth model. We further compare the suitedness of parametric families to capture ambiguity attitudes. For ambiguity more than for risk, families work best if they incorporate insensitivity (inverse-S) properly.

(jointly with: Zhihua Li, Peter Wakker, Tong Wang)