

Marie-Louise Vierø, Aarhus

Departmental Seminar on June 10, 2024 (Host: Christoph Vanberg)

**Lost in objective translation: Awareness of unawareness when unknowns are not simply unknowns**

Abstract:

This paper models decision makers who are cognisant of their own potential unawareness and who may have an a priori sense that not all unknowns are equal. Different types of surprises may be anticipated in different situations, and this matters for choices. The paper proposes a model that accommodates such a priori differences in anticipation. It allows for subjectively different unknowns and provides a representation of preferences that has an expected utility structure, but where the attitudes towards differently perceived unknowns are allowed to differ.