

Dekel, Eddie; Lipman, Barton L.; Rustichini, Aldo

Temptation-driven preferences. (English) [Zbl 1197.91076](#)
Rev. Econ. Stud. 76, No. 3, 937-971 (2009).

The question addressed in this paper is: What behavior can be explained using the hypothesis that the agent faces temptation but is otherwise a 'standard rational agent'?

From the abstract: In earlier work, *F. Gul* and *W. Pesendorfer* [*Econometrica* 69, No. 6, 1403–1435 (2001; [Zbl 1019.91017](#))] used a set betweenness axiom to restrict the set of preferences considered by *E. Dekel*, *B. L. Lipman* and *A. Rustichini* [*Econometrica* 69, No. 4, 891–934 (2001; [Zbl 1026.91032](#))] to those explainable via temptation. The authors argue that set betweenness rules out plausible and interesting forms of temptation including some which may be important in applications. They propose a pair of alternative axioms called DFC, Desire for Commitment, and AIC, Approximate Improvements are Chosen. DFC characterizes temptation as situations in which given any set of alternatives, the agent prefers committing herself to some particular item from the set rather than leaving herself the flexibility of choosing later. AIC is based on the idea that if adding an option to a menu improves the menu, it is because that option is chosen under some circumstances. From this interpretation, the axiom concludes that if an improvement is worse (as a commitment) than some commitment from the menu, then the best commitment from the improved menu is strictly preferred to facing that menu. The authors show that these axioms characterize a natural generalization of the Gul-Pesendorfer representation.

Reviewer: [H. C. M. de Swart \(Tilburg\)](#)

MSC:

[91B08](#) Individual preferences

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