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Presentation Title

Evaluating opportunities when more is less

Abstract

It has been recently recognized that there exists psychological evidence that consumers do not consider all available items in a market and this can lead to a "more is less" effect, where having more options causes their welfare reduction (Llears et al. Journal of Economic Theory 170: 70-85, 2017). Under the more is less effect, we face a dilemma that adding new opportunities must both improve and worsen their well-being. In this study, we propose a hypothesis that "more is always better," which means that adding new opportunities cannot worsen individual well-being, is a morally heuristic judgment. A satisfactory resolution of the dilemma is act-consequentialism over menus, which is an ex post and third-party evaluation of opportunity sets. We provide an axiomatic foundation for act-consequentialism over menus and apply it to policymakers' menu providing policies.

Keywords

Opportunity set, More is less, Weak set monotonicity, Moral heuristics, Act-consequentialism

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