

The Consistency of Rationality Measures



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Date: 8 January 2024 (Monday)

Time: 16:00 – 17:30

Venue: WYL314, 3/F, Dorothy Y. L. Wong Building, Lingnan University

ABSTRACT:

While rationality has been commonly assumed and measured in various settings, an unexplored question arises regarding the extent to which individuals with high rationality scores in one setting would exhibit high scores in another setting. This study investigates the consistency of rationality measures using revealed preference techniques. We combine budgetary decisions in the lab and food decisions in the field based on scanner data to measure the rationality of individual consumers in a large grocery store. We show that the rationality score for risky or social decisions in the lab is uncorrelated with that of food decisions in the field. By contrast, the rationality score is highly correlated between risky and social decisions in the lab, as well as between food decisions in the lab and in the field. We further show that behavioral factors including purchasing experience, personality traits and cognitive skills may underlie rationality scores across different environments.

BIOGRAPHY:

Tracy Xiao Liu is an Associate Professor at the Department of Economics, School of Economics and Management, Tsinghua University. Prof. Liu received a bachelor's degree from Renmin University of China's School of Information and she was then awarded her PhD in information from the University of Michigan in Ann Arbor in the USA. Her main research interests are experimental economics, behavioral economics, information economics, and market design. She also serves as associate editor of Management Science, Journal of Economic Behavior & Organization, and Journal of Behavioral and Experimental Economics. Her academic papers have been published in some of the world's top economics and management science journals, such as Management Science, Games and Economic Behavior, and Journal of Development Economics. Her papers have also been published at some of the world's most influential machine learning and artificial intelligence conferences, such as the International Conference on Knowledge Discovery and Data Mining (KDD) and the International Joint Conference on Artificial Intelligence (IJCAI).

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