

DISCUSSIONS

EDITORS' NOTE

Subjective expected-utility theory provides simple and powerful guidance concerning how to make rational decisions in circumstances involving risk. Yet actual decision making often fails, as has been well known for decades, to conform to the theory's recommendations. If subjective expected-utility theory represents the ideal of rational behavior, these failures may simply show that people often behave irrationally. Yet if the gap between ideal and actual behavior is too wide, or if behavior that on the best analysis we can make is rational but not consistent with subjective expected-utility theory, then we may come to doubt some of the axioms of the theory. Two main lines of revision have been suggested: either weakening the "ordering" axiom that requires preferences to be complete or surrendering the so-called independence principle. Although the issues are highly abstract and somewhat technical, the stakes are high; subjective expected-utility theory is critical to contemporary economic thought concerning rational conduct in public as well as private affairs.

In the preceding article, "Decision Theory without 'Independence' or without 'Ordering': What Is the Difference?" Teddy Seidenfeld argued for the sacrifice of ordering rather than independence by attempting to show that abandoning the latter leads to a kind of sequential incoherence in decision making that will not result from one specific proposal (Isaac Levi's) for abandoning ordering. In their comments in this section, Edward McClennen, who supports surrendering the independence postulate rather than ordering, and Peter Hammond, who argues against any weakening of subjective expected-utility theory, discuss Seidenfeld's argument from their quite different theoretical perspectives.