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IMPRESA DA UNIVERSIDADE DE COIMBRA

COIMBRA UNIVERSITY PRESS

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UNIVERSIDADE DE COIMBRA

AFFECT, REASON, RISK AND RATIONALITY¹

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Received for publication: December 12, 2017

Accepted for publication: December 12, 2017

ABSTRACT

Our understanding of the psychology of human judgment, preference and choice is continually evolving. Behavioral researchers are coming to recognize that there is an aspect of information-processing that has been rather neglected. This is the, experiential, affect-based side of our mental life, which appears every bit as important as the analytic/deliberative side that has been the focus of much prior research and the foundation for multi criteria decision analysis. This essay will briefly describe new research demonstrating the powerful influence of affect on decision-making. Reliance on affect is essential to rational behavior yet it sometimes misleads us. In such circumstances we need to ensure that reason also is employed.

Keywords: Psychology of human judgment; affect; behavioral research; multi criteria decision analysis.

JEL Classification: C91; D81; D91.

Acknowledgements: This paper is based upon the author's joint work with Ellen Peters, Melissa Finucane, and Donald MacGregor. Preparation of the manuscript was supported by grant # SES-0241313 from the National Science Foundation.

¹ This is a reprint of the essay published in the *Newsletter of the European Working Group "Multicriteria Aid for Decisions,"* Series 3, 13, Spring 2006.