Framing Theory

Guide to reading notes for the literature review:

(1) The full citation for the article (or book chapter) appears directly above the start of the notes that correspond to that article.

(2) The number that appears prior to each individual note corresponds with the page number where the information can be found in the article.

(3) Any note that appears in quotes is a direct quote from the text. Any note that does *not* appear in quotes is a paraphrased version of what appears in the text.

(4) Any note that is bolded and italics in braces—e.g. [***example***]—corresponds to what I have identified as a point to consider when applying prospect theory to the framing project in particular.

(5) Any note that appears with an asterisk before it (\*) signifies something that may be of particular importance for emphasis in the project. It does not mean, however, that the rest of the notes are irrelevant.

*Disclaimer*: The notes that appear below were those deemed *most* relevant at the time of writing. There is undoubtedly information contained within the articles and book chapters that would likely be of use.

**Chong, Dennis and James N. Druckman (2007). “Framing Theory,” *Annual Review of Political Science* 10: 103-26.**

104 – “Framing refers to the process by which people develop a particular conceptualization of an issue or reorient their thinking about an issue”

106 - Steps in framing: an issue or event is identified; “if the goal is to understand how frames in communication affect public opinion, then the researcher needs to isolate a specific attitude”; “an initial set of frames for an issue is identified inductively to create a coding scheme”; “once an initial set of frames is identified, the next step is to select sources for content analysis”

108 – Druckman makes clear that when humans are coding, intercoder reliability is critical

111 – “The important point here is that framing effects depend on a mix of factors including the strength and repetition of the frame, the competitive environment, and individual motivations”

112 – “[Sniderman and Theriault] argue that when citizens receive different views of an issue, they choose the alternative that is consistent with their values or principles” – though Druckman does mention that this may not necessarily apply to issues that are new to the agenda

\*113 – “As we have elaborated elsewhere, little is known about the dynamics of framing in competitive contexts” – research by Druckman and Chong has found that individuals prior beliefs *and* relative strength of the frame matters [***does the identity of the interest group submitting the actual document itself matter? – is it instead about sheer volume of submissions?***]

114 – Druckman identifies two types of framing: the first is “equivalency” framing, which casts the same information in two different ways (i.e. negative or positive light) – the second type of frames are those that vary *substantively* [***for the project, it would be important to clarify which we’re talking about regarding the gain and loss frames***]

117 – to date, we have little sense about the conditions under which particular frames will be more or less effective

**Druckman, James N. (2004). “Political Preference Formation: Competition, Deliberation, and the (Ir)relevance of Framing Effects,” *American Political Science Review* 98(4): 671-686.**

671 – “It is surprising that, despite these broad implications, virtually no work has sought to explore the political conditions under which framing effects occur” [***This could be something worth mentioning in the project as the exploration of interest group influence on the EU legislative process assuredly counts in this respect***]

-Druckman shows how “contextual forces—including elite competition and interpersonal discussions—and individual attributes condition framing effects”

671 - “I focus on one of the better-known social science usage where, as mentioned, an effect occurs when different, but *logically* *equivalent*, phrases cause individuals to alter their preferences… This typically involves casting the same information in either a positive or a negative light”

\*672 – Druckman also deals with *equivalency frames* (same issue, cast differently) versus *issue frames* (different aspects of an issue)

673 – Druckman notes that issue framing does *not* violate the invariant preference assumption of rational choice

\*674 – “The obvious starting point to build a theory of framing effects is Tversky and Kahneman’s (1979) prospect theory. Their theory, however, provides little insight into the processes and conditions under which the effects might occur”

674 - four lessons from Druckman’s work on accessibility that may not have explicit negative or positive frames: “1) by highlighting negative or positive information, the frame leads individuals to subconsciously focus on that information (e.g. lives lost or lives saved, unemployment or employment) and this leads to the given (negative or positive) evaluation/preference; 2) under certain conditions, individuals do not assimilate the accessible information (i.e. do not focus on the negative or positive information); 3) individuals with the capability to think deliberatively will process information better; 4) context can also interrupt accessibility assimilation—if alternative information is provided in the context, then individuals can use it and will be less influenced by the initially accessible frame (individuals can consciously weight alternatives when presented with issue frames)”

\*674-5 – *Predictions* – looks at “two common political environments that shape citizens’ opinions: (1) elite competition and rhetoric… and (2) interpersonal conversations or deliberation” – looks to a framing and counter-framing – “*I predict that individuals exposed to counter-framing will be less susceptible to framing effects (from the initial frame) than those not exposed to counter-framing, all else constant*” [emphasis in original] – notes that this cannot be done in experimental settings in which we have equivalency frames [***useful for our paper***]

675 – “*I thus predict that individuals who engage in conversations with a heterogeneous group will be less susceptible to framing effects than those who do not engage in conversations, all else constant*” – “*I predict that, in contexts where framing effects occur, experts will be less susceptible to framing effects than nonexperts, all else constant*”

675 - “A total of 580 individuals participated in the experiment in exchange for a cash payment and a snack”

678 – “The results strong support my hypotheses. Specifically, the significant negative interactions between counter-framing and frame between heterogeneous group and frame suggest that the framing effects are significantly smaller in these contexts than in the control group” – experts are as susceptible to framing as are non-experts

680 – “In sum, in sharp contrast to widespread claims, framing effects are not robust across political contexts. Both counter-framing and heterogeneous discussions minimize framing effects, and in the form case, the effects are eliminated. Homogenous discussions also reduce and eliminate the effects for experts, showing that individual level moderators depend on context”

**Kahneman, Daniel and Amos Tversky (1979). “Prospect Theory: An Analysis of Decision Under Risk.” *Econometrica*, 47(2): 263-292.**

263 – The overall paper begins as a critique of expected utility theory “as a descriptive model of decision making under risk”

263 - “Choices among risky prospects exhibit several pervasive effects that are inconsistent with the basic tenets of utility theory” 🡪 the certainty effect produces risk aversion in choices involving sure gains and risk seeking in choices involving sure losses

263 - expected utility theory is sometimes thought of as a normative model of rational choice

[***It might be worth making the case that “choice under risk” is applicable in the European Commission’s ability to impose legislation—i.e. the gains and loss frame do not work if the decisions being made are being made under times of normal interactions***]

264 – “Although the domain of the utility is not limited to any particular class of consequences, most applications of the theory have been concerned with monetary outcomes”

264 - the choices presented to students and university faculty were the following: 50% chance to win 1,000/50% chance to win nothing; 450 for sure (*refers to Israeli currency*) – average family income was about 3,000 Israeli pounds – asked to decide what they would have done if they were faced with such a choice

265 – “We first show that people overweight outcomes which are merely probable—a phenomenon which we label the *certainty effect*”

268 – the next step is to replace the series of games focusing on gains to ones that focus on loss

🡪 when this is done, “the preference between negative prospects is the mirror image of the preference between positive prospects. Thus, the reflection of prospects around 0 reverses the preference order. We label this pattern the *reflection effect*” – “the reflection effect implies that risk aversion in the positive domain is accompanied by risk seeking in the negative domain”

269 – “certainty increases the aversiveness of losses as well as the desirability of gains”

269 - looking at insurance, the authors note that insurance for big versus small losses implies that preferences for risk are not a neat concavity function – “people often prefer insurance programs that offer limited coverage with low or zero deductible over comparable policies that offer higher maximal coverage with higher deductibles” (*see p. 269-270 for a discussion of probabilistic insurance*)

271 – the isolation effect refers to the fact that individuals often compare to scenarios by what is different about them rather than what it similar [***this may well characterize much of the content of submissions to the EU***]

\*begins the theory section on p. 274 – mentions that the alternative to expected utility theory is *prospect theory* 🡪 there is an early phase of editing and a subsequent phase of evaluation

274 – though there is often a reference point through which gains and losses are compared against, “the location of the reference point, and the consequent coding of outcomes as gains or losses, can be affected by the formulation of the offered prospects, and by the expectations of the decision maker”

277 – “In many situations, however, the decision maker does not have the opportunity to discover that his preferences could violate decision rules that he wishes to obey. In these circumstances the anomalies implied by prospect theory are expected to occur”

288 – “Although the present paper has been concerned mainly with monetary outcomes, the theory is readily applicable to choices involving other attributes, e.g., quality of life or the number of lives that could be lost or saved as a consequence of a policy decision”

**Tversky, Amos and Daniel Kahneman (1986). “Rational Choice and the Framing of Decisions.” *The Journal of Business*, 59(4): S251-S278.**

S251 - rationality is seen as legitimate because: people are thought to be effective in pursuit of their goals, especially given incentives and opportunities to learn from experience; competition rewards rational individuals and organizations

S252 – “in spite of these a priori arguments, the logic of choice does not provide an adequate foundation for a descriptive theory of decision making” – “We argue that the deviations of actual behavior from the normative model are too widespread to be ignored, too systematic to be dismissed as random error, and too fundamental to be accommodated by relaxing the normative system”

S252-253 🡪 looks at a hierarchy of normative rules: (1) cancellation; (2) transitivity; (3) dominance; and (4) invariance (“An essential condition for a theory of choice that claims normative status is the principle of invariance: different representations of the same choice problem should yield the same preference. That is, the preference between options should be independent of their description” [S253]) [***it is plausible to use this fourth type as an explicit hypothesis that one can test—significant results for frames that are gain/loss would allow us to reject the null and insignificant results would confirm rational choice theory or at least not support prospect theory***]

S254-55 – The authors deal with the survival versus mortality frame for an experiment that asked respondents to select medical treatments for lung cancer

[***it will be important to note whether entities that are aggregations of actors and organizations respond in the same way to the processes noted by Kahneman and Tversky—this includes both interest groups and the European Commission***]

S257 – “Framing is controlled by the manner in which the choice problem is presented as well as by norms, habits, and expectations of the decision maker”

S258 – “A significant property of the value function, called *loss aversion*, is that the response to losses is more extreme than the response to gains”

S260 – another experiment regarding a fictional outbreak of an unusual Asian disease shows that “the certain death of 400 people is less acceptable than a two-third chance that 600 people will die”

\*S261 – “Framing the consequences of a public policy in positive or in negative terms can greatly alter its appeal”\*

S262 – “Loss aversion presents an obstacle to bargaining whenever the participants evaluate

their own concessions as losses and the concessions obtained from the other party as gains”

S272 – “Prospect theory differs from the other models mentioned above in being unabashedly

descriptive and in making no normative claims”

S273 – “Because the framing of decisions depends on the language of presentation, on the context of choice, and on the nature of the display, our treatment of the process is necessarily informal and incomplete”

**Tversky, Amos and Daniel Kahneman (1992). “Advances in Prospect Theory: Cumulative Representation of Uncertainty,” *Journal of Risk and Uncertainty* 5: 297-323.**

298 – “This article presents a new version of prospect theory that incorporates the cumulative functional and extends the theory to uncertain as well to risky prospect with any number of outcomes”

316 – “The new demonstration of the common consequences effect…show[s] that choice under uncertainty exhibits some of the main characteristics observed in choice under risk. On the other hand, there are indications that the decision weights associated with uncertain and with risky prospects differ in important ways”

**Camerer, Colin F. (2000). “Prospect Theory in the Wild: Evidence From the Field,” in Daniel Kahneman and Amos Tversky, eds. *Choices, Values, and Frames* (New York, Cambridge University Press): 148-161.**

148 – “this article describes ten regularities in naturally occurring data that are anomalies for expected utility theory but can all be explained by three simple elements of prospect theory: loss-aversion, reflection effects, and non-linear weighting of probability; moreover, the assumption is made that people isolate decisions (or edit them) from others they might be grouped with”

-the article looks at a series of issue areas to test for the effects of prospect theory—they look at finance (both stocks versus bonds and the disposition effect); the labor supply (using cab drivers and their decision-making processes); asymmetric price elasticity of consumer goods (consumers do not buy more when prices shift down but buy less when they rise); savings and consumption (insensitivity to bad income news—teachers do not cut spending with news of income cut in the next year); status quo bias, endowment effects, and buying-selling price gaps; racetrack betting (the favorite-longshot bias; the-end-of-the-day effect); telephone wire repair insurance; state lotteries

**Mercer, Jonathan (2005). “Prospect Theory and Political Science.” *Annual Review of Political Science*, 8: 1-21.**

1 – “As politicians know well, people feel differently about a policy guaranteed to ensure a 90% employment rate than they feel about a policy guaranteed to provide a 10% unemployment rate. Kahneman & Tversky (1979) found that framing a policy as a loss (10% unemployment) will put someone in a domain of loss, and framing it as a gain (90% employment) will put someone in a domain of gain. If we frame an outcome as a loss, we will assume more risk to avoid that outcome than if we framed the identical outcome as a gain.”

2 – Mercer notes that prospect theory has limited citations at present in political science, and is only really influential amongst IR theorists who study international security – “Most surprising, political economists have shown no interest in prospect theory”

3 – two problematic aspects of prospect theory that political scientists regard as problematic: no insight on how actors locate themselves in a domain of gain or loss; assessing risk acceptance or aversion is easy in the lab but hard in the field

4 – the many problems in “the field” are whether we should focus on individuals or groups, whether it is cognition or emotion driving behavior, how to establish a reference point, etc.

4 🡪 political psychologists employ one or more of five complementary techniques for determining an actor’s domain: status quo as reference point, aspiration as reference point, heuristics, analogies, and emotion

5 – while status quo and dissatisfaction with it may result from a domain of losses (if matters aren’t going well), it is possible that dissatisfaction may actually result from being in a domain of gain

5 - the reference point may not be the SQ but rather an aspiration point—a place the actor aspire to be

\*7 – perhaps a “reliance on economic indices is an appropriate and potentially powerful solution to the problem,” confirming “Elms’s suggestion that political economy and prospect theory are well suited for each other”

7-8 - because we are incapable of cleanly processing information, we typically rely on a set of heuristics 🡪 one of these is representativeness – another is the adjustment and anchoring heuristic (use initial assessment to make future decisions) – the third is the availability heuristic… the problem with these approaches is that we can only make assessments in a post-hoc fashion

9 – “the explanation can be no better than the theory on which it rests, and a theory of framing that rests on heuristics and biases provides no guidance about when people will be influenced by which heuristic” – “One can never be certain that analogies do what one thinks they do. In a given instance, do analogies influence beliefs or do beliefs influence the choice of analogy?”

10 - the role of **emotion** can also influence how actors frame particular situations as gains or losses

10-11 – “Welch argues that feelings of injustice, defined as a perceived discrepancy between entitlements and benefits, explains why policy makers take big risks for marginal gains” [***perhaps this can be used to explain how particular interest groups frame their stance on an issue***]

\*12 “Demonstrating loss aversion’s effects is difficult for at least three reasons: They may be artifacts of the lab and thus vanish in the field; measuring loss aversion outside the lab is hard; and loss aversion in the domain of loss can be rational” [***need to grapple with these noted issues***]

13 – figuring out what a risky choice is can be an extremely difficult endeavor – McDermott focuses on defining risk as how much variance is inherent within a given option

16 – “The policy implications of loss aversion come in two stripes: Beware loss aversion in your own policies, and anticipate loss aversion in the policies of others”

17 – “The intuitive idea that we hate to lose more than we love to win, and so will take more risk to avoid a loss than we will to secure an equivalent gain, is the basis for prospect theory. Prospect theory is not a fad, a curiosity, or a way to capture idiosyncratic behavior. It is the most influential behavioral theory of choice in the social sciences”

**Levy, Jack S. (2003). “Applications of Prospect Theory to Political Science.” *Synthese*, 135(2): 215-241.**

217 - says hyperinflation appears worse because it “robs you of what you have now (savings), whereas a recession robs you of what you might have had (higher standards of living if the economy had grown)”

\*217 - “The asymmetry of gains and losses around a reference point means that the way people identify the reference point, and hence how they *frame* a choice problem, can have a critical effect on their choices. A change in reference point can result in a change in preferences (*preference reversal*) even if the values and probabilities associated with outcomes remain the same” – “Risk aversion for gains and risk seeking for losses is reflected in the S-shaped value function in prospect theory”

219 – “While most applications of prospect theory to political science have focused on loss aversion, framing, and the reflection effect, another important observed anomaly in expected-utility theory is that individuals tend to respond to probabilities in a non-linear fashion. People overweight outcomes that are certain relatively to outcomes which are merely probable (*the certainty effect*)” [emphasis in original]

\*221 – there’s an example on this page of framing posed to participants regarding two candidates’ economic policies and varying predictions of the standard of living index *–* [**this can be used to test the framing of interest group choice on Commission policy**]

222 – “One implication of loss aversion and the endowment effect is that there is a greater tendency toward status quo choices than expected-utility theory would predict. If an individual frames a choice problem around the existing status quo, she will treat the costs of moving away from the status quo as a loss and the benefits of moving away from the status quo as a gain, overweight the former relative to the latter, and consequently demonstrate a tendency towards remaining at the status quo”

223 – “The reference point bias subsumes the status quo bias whenever the reference point is defined as the status quo, and under those conditions it will be stabilizing and reinforce the status quo. If the reference point is preferred to the status quo, however, the reference point bias is destabilizing because it induces risky behavior to avoid the losses inherent in the status quo, particularly if those losses are the certain outcome of a particular strategy”

233 – “prospect theory is a theory of individual choice under conditions of risk; not a general theory of politics. It is not even a complete theory of decision-making because it focuses only on explaining choices given the basic parameters of the decision-problem – the reference point, the available options, their possible outcomes, and the values and probabilities associated with each”

**McDermott, Rose (2004). “Prospect Theory in Political Science: Gains and Losses from the First Decade,” *Political Psychology* 25(2): 289-312.**

292 – one major advantage of prospect theory is the ability to deal with changing preferences, especially when “a decision-maker’s risk propensity is expected to shift in response to changes in the environment”

294 – “Although prospect theory begins at the individual level of analysis, the individual is not the only focus of explanatory interest. The theory also places emphasis on situational factors that influence particular individuals and leaders” – “Specifically, the idea is that leaders in a good, or a domain of gains, where things are going well and are expected to continue to do well or improve, are more likely to be cautious in their choices. On the other hand, leaders in a bad situation, where things are bad or likely to get worse, are more likely to make risky choices to recover their losses” [***there might be some interesting ground to cover here regarding whether shifts in policy are more likely in the face of the EU financial crisis and matters pertaining to that versus more mundane policies that are less certain and occurring alongside the status quo***]

295 – notes that domain can shift depending on where a given leader or individual decides to invest their psychological or political identity

296 – “Without the ability to incorporate *political* factors into an analysis through environmental and situational factors, any psychological theory will remain bereft of the impact of the political on the psychological in decision-making and political action”

\*297 – “Next, work intent on expanding the mathematical formulation of prospect theory beyond individuals to group or dyadic interaction would constitute an enormous advance. Such a formulation might then be used to test prospect theory models against game theoretic models, using either large data sets or individual case studies” [***The use of a large-n test of prospect theory is one of the strengths and major contributions of the paper***]

304 – “Many rational choice theorists and others criticize prospect theory for lacking a theory of framing effects. Although this criticism is legitimate, this limitation remains similar to the lack of a theory of the origins of preference in rational choice models”

305 – “Prospect theory was developed as a model of individual choice behavior, as a descriptive alternative to more normative models such as expected utility. It was never intended to be applied to individuals in interaction, or to group behavior” [***This can be either a strength or a weakness regarding the application of prospect theory to European Union politics depending on how the issue is dealt with***]

308 – Directions for future research: work on groups, work incorporating emotion into this model of decision-making, and work on the definition of the reference point and how expectations and aspirations in particular can influence its determination

**McDaniel, William and Francis Sistrunk (1991). “Management Dilemmas and Decisions: Impact of Framing and Anticipated Responses,” *Journal of Conflict Resolution* 35(1): 21-42.**

21 - looks at resource management, which operates in a world of uncertainty and where the interests of the collective often differ from those of the individual

22 – “In a social dilemma, the behavior of a person affects the situation of other members in the group without the explicit agreement of that person or other members”

25 – “Individuals may choose different approaches (cooperation or defection) in a social dilemma based on the anticipated collective response to achieve the best outcome”

25 - “a study was designed to assess the influence of the decision frame and the anticipated response of other collective members of the individual’s decision to cooperate or defect in a social dilemma”

26 – sought to “make the individual and collective payoffs for the give-some and take-some generalized NPD [N-person Prisoner’s Dilemma] game structures salient to the participant”

26 - a scenario is presented in which the participant is the Chief Executive Officer for AgriProducts

26 - the “give-some structure focused on a positive externality for the agricultural industry”

27-28 – an additional depiction that provided the negative externality scenario is on this page

30 – used 288 students “enrolled in upper division, graduate business or business-related courses participated in this study” – (their focus on internal validity rather than external)

34 – “The experiment’s results produced two patterns of relationships. The first pattern focused on other members’ anticipated responses and the manner in which the problems were presented. This pattern is particularly relevant to social dilemma research. The second pattern of relationships dealt with the manner information was presented about other members in the collective. This pattern addressed the inconsistencies in judgments and choices that have been demonstrated in recent decision-making research”

35 – partial support of prospect theory – context of framing did seem to matter; highest for give-some context when cooperation was expected and lowest for give-some context when cooperation was anticipated to be low

37 - they find that individuals were more willing to pay a price to acquire a potential gain than they were to avoid a potential loss

40 – participants in some scenarios were risk seeking in order to avoid a loss (particularly when loss was made salient)

**Haas, Mark L. (2001) “Prospect Theory and the Cuban Missile Crisis,” *International Studies Quarterly* 45: 241-270.**

241 - using newly declassified documents, Haas tests whether the most important decisions made by Kennedy and Kruschev comport with ‘rational’ expectations in the sense of maximizing expected utility or if they are better explained by prospect theory

242 – “I find that when these two conditions of losses and moderate-to-high probability estimates were met during the crisis, Kennedy and Kruschev did tend to make excessively risky non-value maximizing choices. When, however, these leaders’ probability estimates associated with key outcomes approached certainty, their behavior became much more cautious and, as a result, much more comprehensible to theories based on the maximization of expected value. This change in behavior occurred despite the fact that Kennedy and Kruschev continued to operate in loss-frames throughout the period in question”

246 – Haas first establishes that “Kruschev was experiencing significant domestic and international losses at the time he made his decision to send missiles to Cuba” (says that from a rational choice perspective, however, he should not have opted for challenging the status quo) – for Kennedy, the discovery of missiles contributed to a loss frame both internationally and domestically (he should have accepted the challenge to the status quo according to rational choice) – 247 – removing the missiles and the costs/benefits depended upon the value of standing firm compared with Kennedy making good on his threats and/or accidental war due to miscalculation

247 – “Prospect theory’s central assertion, which is in clear contrast to the core claim of theories based on the maximization of expected value, is that the value of a possible outcome is not determined by multiplying the utility of this outcome by its estimated probability of occurrence. Instead, the expected value of a policy is the product of the probability of occurrence *adjusted by a probability weighting function* and the utility of this outcome *filtered through a value function*” [emphasis in original]

247-8 – Prospect theory is reference dependent in that the establishment of a reference point is critical – the second dimension is concavity in the domain of gains and convexity in the domain of losses – the value function is steeper for losses than it is for gains

249 – “when individuals’ probability estimates approach certainty, people tend to overweight these estimates on the decision-making process”

251 - See p. 251 for a tabular summary of findings

260 – says that Kennedy’s response to the discovery of missiles in Cuba does not violate prospect theory—the idea that military escalation with the Soviets was nearly certain depending on the response – “As stated previously, when people’s probability estimates approach certainty, they are very likely to switch from underweighting the effects of these estimates on their value calculations to overweighting them” – the blockade ultimately worked to serve American interests – 264 – Kennedy’s decision *not* to accept Kruschev’s offer of exchange was risky and comports with prospect theory

266 – while Kruschev’s decision to remove the missiles was value-maximizing, the steps he took prior to that were quite risk-seeking

**McDermott, Rose (1992). “Prospect Theory in International Relations: The Iranian Hostage Rescue Mission,” *Political Psychology* 13(2): 237-263.**

237 - examines the failed rescue mission of the American hostages in Iran in April 1980 – President Carter was in a domain of losses both internationally and domestically at the time of the crisis

238 – sometimes, the current status quo will be the reference point; at other times the “old” status quo will be the aspiration point and become the new reference point

[***it is possible that the actual framing done by the various groups can be considered the “editing” phase and the test of how (if at all) the framing influenced the Commission can be considered the “evaluation” phase***]

240 – McDermott notes that if you can’t assess a domain directly, you can work to utilize indicators that might aid in the establishment of a reference point

242 – “risk” among the various actions included the prospects for success as well as the costs and benefits more generally – 244 – the rescue mission was seen as the best balance between military and political risk

245-6 – “Prospect theory argues that choice can often be substantively affected by relatively trivial manipulations in the framing and construction of available options”

\*253 – McDermott notes that Carter believed in the likely success of the rescue mission despite its ultimate failure [***this seems like a strange way to substantiate a theory that shows risk-seeking behavior…do those who are making decisions have to be aware that the choice they’re making is risky or is it simply enough that we can identify risk-seeking behavior?***]

260 – “While Carter may not have believed that the costs associated with the mission were high, he was wrong objectively”

**Farnham, Barbara (1992). “Roosevelt and the Munich Crisis: Insights from Prospect Theory,” *Special Issue: Prospect Theory and Political Psychology*, 13(2): 205-235.**

205 - looks at FDR’s decision-making processes during the Munich Crisis of 1938 – 206 – “it appears to exhibit a number of phenomena associated with prospect theory, such as a change in the framing of the choice problem and corresponding preference reversal, risk acceptance to avoid loss, and the operation of certainty effects”

206 - “What is most striking about Roosevelt’s reversal of preference is that it seems to have been a consequence of a change in the way he represented the crisis to himself, or framed it, rather than a response to new information about its implications for the United States”

207 – the Munich Crisis escalated from Hitler’s demands for autonomy for the Sudetenland to outright annexation

209 – the first stage of the crisis saw Roosevelt agitating against intervention by the US

212 – for Roosevelt and many others, September 23, 1938 drastically updated their assessment that war was likely, motivated in large part by the discovery of an alliance between Italy, Germany, and Japan as well as Hitler’s “unreasonable demands”

217 – Roosevelt’s perception that Hitler was (nearly) solely responsible for the slide to war and that it would occur unless he did something to prevent it shaped his frame

225 – Roosevelt was also prone to the *certainty* *effect* – the “tendency to over-weight outcomes which are considered certain relative to those which are merely probable”

227 – the risks to Roosevelt were the possibility that his negotiation might be unsuccessful and that there might be deleterious domestic consequences

227 - prospect theory is not particularly adept at explaining why frames might change – the author points to the role of affect and *emotion*

**Weyland, Kurt (1996). “Risk Taking in Latin American Economic Restructuring: Lessons from Prospect Theory,” *International Studies Quarterly* 40(2): 185-207.**

186 – “Why did democratic governments in contemporary Argentina, Brazil, and Peru run enormous risks by enacting touch shock programs of neoliberal adjustment and restructuring?”

190 – “Seen from the perspective of prospect theory, Argentina’s, Brazil’s, and Peru’s deep economic crisis in the 1980s put both leaders and citizens in a domain of losses. Therefore, they took extraordinary risks to avoid further deterioration, regain precrisis levels of well-being, and—as regards leaders—secure their own political survival”

190 - “What gains and losses loom largest for leaders and citizens? For common people, income is the main economic concern. While income can be jeopardized in many ways, runaway inflation is the single biggest threat that can thrust large numbers of people suddenly into a domain of losses”

291 – “To test these predictions, the case studies need to ascertain whether presidents and citizens considered themselves in a domain of losses (or gains); determine whether leaders chose risk-seeking (or risk-averse) decision options; and examine whether a majority of citizens approved of presidents’ risk-seeking (or risk-averse) actions”

192 – Weyland establishes the loss frame by demonstrating how in Argentina, Peru and Brazil, inflation was skyrocketing

192-3 – Weyland also notes that *voters* made risky choices in whom they elected by rejecting incumbents and established politicians, focusing instead on “political outsiders who promised to save their countries”

193 – “Upon coming to office, the new presidents responded to the economic crisis in the risk-seeking way predicted by prospect theory”

194 – further, Carlos Menem, for example, ran on a “vague populist platform” and “stunned Argentina with a radical about-face”

195 – “Thus, as prospect theory would predict, new leaders who found themselves in a domain of losses took high risks. They imposed neoliberal shocks that had an uncertain chance of success and could easily arouse fierce opposition—yet held the (unlikely) prospect of recouping all losses”

195 - “Despite the risks and costs inherent in these draconian adjustment plans, an often large majority of the suffering population expressed their support for the reform and their initiators—even before any beneficial results had appeared”

196 – though citizens often supported these policies for a while, “people come to reject shock programs when they lose their belief in the possibility of success while costs mount”

197 – Weyland uses the case of Venezuela to show that where inflation was *not* skyrocketing out of control—i.e. the loss frame was generally absent—the implementation of risky neoliberal policies was less well received

199 – Weyland also uses prospect theory to demonstrate “unexpected continuities in economic policy when a nation enters a domain of gains,” pointing to the Chilean example after the departure of Pinochet

**Berejikian, Jeffrey (1997). “The Gains Debate: Framing State Choice,” *American Political Science Review* 91(4): 789-805.**

789 - deals with the relative versus absolute gains debate (i.e. realism versus liberalism) – Berejikian notes that the current problem stems from existing models of decision-making (both models currently employ microeconomic rationality)

789-790 – frames the use of prospect theory as a two-step model, wherein “the state first evaluates the effect of change upon its own capacities and then, under this new assessment, makes comparisons with potential rivals” – 790 – when status quo is seen as detrimental, states pursue relative gains; when it is not, they pursue absolute gains

790 - tests the theory using “behavior of the European Community (EC) during the Montreal Protocol negotiations to limit the release of ozone-destroying chlorofluorocarbons (CFCs) into the atmosphere” – “EC policy was not consistent; it shifted from protection of absolute production levels to the pursuit of relative gains” [***what he misses, of course, is that realism and liberalism apply to \*states\* who have armies that can materially threaten one another***]

792 – “That is, states often ‘choose’ the new payoff from recent changes in the status quo through inaction…Alternatively, a state will be operating under a losses frame if it perceives that, without intervention, recent detrimental changes will continue” – “The argument is that, depending upon the nature of change, a gains or losses frame will exist for at least some period after change has occurred”

795 – “[Prospect theory] predicts that states in a losses frame are more willing to enter into serious negotiations than are states in a gains frame”

796 – “This prediction is measured against the behavior of the EC in the negotiations leading up to the 1987 Montreal Protocol, which limited the production of ozone-destroying CFCs in signatory countries”

\*797 – justifies on this page treating the EC as a unified entity worthy of study as such

797 - “In the EC legislature, it is the European Commission that develops and proposes legislation for ratification by the European Council. Where the EC has ‘competence,’ the commission is charged to negotiate on behalf of the EC, consistent with a council mandate, which must be unanimously approved. The commission has continually attempted to expand its authority by claiming the competence to negotiate broader issues, while the council, composed of national ministers, is often more protective of member-state interests. Prior to the Single European Act, which gave the EC competence in environmental affairs, it was not clear that the commission had authority to negotiate a CFC ban on behalf of the members. Yet, because CFC regulations would directly affect the relations of production across member states, a uniform EC policy was mandated…Accordingly, a unanimously approved council mandate gave the commission authority to enter into negotiations”

797-8 – in 1974, with the ozone depletion hypothesis out, the US banned all domestic nonessential CFCs, giving the EC a major relative and absolute gain

798 - initially, the EC refused to negotiate – 799 – “The strong EC refusal to negotiate reflects its desire both to avoid the risk inherent in engaging in meaningful talks and to protect absolute gains”

799-800 – after the Vienna Summit, some of the “political topography” changed, including “(1) a revised incentive structure for the United States resulting from domestic political shifts; (2) an emerging scientific consensus on the link of CFC to ozone depletion; and (3) a reversal in the position of U.S. producers of CFCs on the desirability of a binding protocol”

802 – “There was the possibility of multilateral action without the EC as participant, U.S. unilateral action, or both. Prospect theory suggests that the introduction of this viable threat to the status quo would make the EC risk acceptant in the pursuit of relative gains”

**Levy, Jack S. (1997). “Prospect Theory, Rational Choice, and International Relations,” *International Studies Quarterly* 41(1): 87-112.**

90 – “individual value functions are usually concave in the domain of gains and convex in the domain of losses, with a *reflection effect* around the reference point”

91 – “Dynamic situations are particularly likely to induce variations in the way people select reference points because of the absence of a stable status quo that might serve as an obvious focal point”

91 - “The bias is really a *reference point bias*, a greater tendency to move toward the reference point than expected-utility theory predicts”

94 – some, especially economists, view the idea of prospect theory as an artifact of the laboratory, challenging the internal validity of the studies – Tversky and Kahneman (1992) held, however, that “all major violations of expected utility theory…were obtained both with and without monetary incentives”

97 – “It is fair to conclude that findings of reference dependence, the endowment effect, the reflection effect, framing effects and preference reversals, and nonlinear response to probabilities in individual choice have held up quite well in the face of substantial critical scrutiny”

98 – “These findings suggest that rational choice models of economic behavior may be useful in spite of the descriptive inaccuracy of rational models of individual choice. Psychologists and economists may both be right. They get different answers because they are asking different questions”

98 - “These conditions [of prospect theory in a laboratory setting] are rarely satisfied in the ill-structured choice problems foreign policy leaders typically face. How individual policy leaders frame their reference point is highly subjective and difficult for the analyst to identify”

99 – “Consequently, whereas laboratory studies focus on the evaluation of given options under static conditions of current risk in noninteractive settings, foreign policy decision making involves the critical tasks of defining the situation, editing the choice problem, and then evaluating options under dynamic and interactive conditions of present and future uncertainties”

\*99 - “The difficulty of determining empirically how an actor defines her reference point is particularly troubling. If we cannot identify the reference point independently of the behavior we are trying to explain, then prospect theory and its key hypotheses cannot be tested and have no explanatory power”

99 - “this finding does raise the question of whether other types of institutions, including political institutions, may also work to limit the range of errors in individual choice behavior, or whether, to the contrary, nonrational tendencies in individual behavior are actually exacerbated in some collective decision-making settings”

99-100 – “The questions facing the international relations scholar are not exactly congruent with those of either the psychologist or the economist. Our primary unit of analysis is neither the individual nor the market, but states, organizations, corporations, and other collective political units”

100 – “It is important, first of all, to be clear about what prospect theory does and does not purport to explain. It is a theory of choice under conditions of risk. It is not a complete theory of decision making because it focuses only on explaining choices given the basic parameters of the decision problem—the available options, their possible outcomes and the values and probabilities associated with each”

102 – “Whereas prospect theory is a theory of individual decision making, international relations involves strategic interaction between collective state actors”

102 - “The concepts of loss aversion, the reflection of risk orientations, and framing were developed for individual decision making and tested on individuals, not on groups, and we cannot automatically assume that these concepts and hypotheses apply equally well at the collective level”

102-3 – “One problem is that the behavior of groups with respect to risky choices is not necessarily congruent with the aggregation of the risk orientations of individual members, as demonstrated by the substantial body of literature in group dynamics on ‘choice shifts’”

103 – the possibility of working to change the frame of others is a possibility in group settings

105 – Levy poses a series of relevant questions to ask of those seeking to apply prospect theory – one question is, “What particular tactics are used in attempting to manipulate the adversary’s reference point, and how successful are they”

108 – “we might shift some of our attention away from prospect *theory* as a whole and toward some of the *hypotheses* or empirical regularities associated with it, and ask how these hypotheses might be incorporated into our existing theories of international relations”

**Boettcher III, William A. (2004). “The Prospects for Prospect Theory: An Empirical Evaluation of International Relations Applications of Framing and Loss Aversion,” *Political Psychology* 25(3): 331-362**

331 – “In short, why do states, governments, and/or leaders take risks?”

332 – “Unfortunately, the process through which decisions are ‘framed’ remains poorly understood…Despite a decade of work exploring prospect theory empirically, there has been little progress in developing clear and consistent criteria for simply *identifying* the frame used by a particular decision-maker (or group of decision-makers)”

\*332 - “Although we have happily borrowed intuitively compelling notions such as reference points, gain/loss coding, preference reversals, and loss aversion, we have failed to specify the scope conditions that may limit the applicability of prospect theory within our field of study”

332-3 – “The concept of ‘framing’ can be interpreted very broadly. At a basic level it simply refers to the process through which individuals or groups make sense of their external environment…The prospect theory understanding of framing is a bit more narrow,” defined by Kahneman and Tversky as “‘the decision-maker’s conception of the acts, outcomes, and contingencies associated with a particular choice’”

334 – “when we allow subjects to discuss the decision problems in interactive face-to-face groups, substantial ‘reframing’ may occur *even in a controlled setting*” [emphasis in original]

335 – there is evidence that decision-making in groups tends to lead toward polarization

\*336-7 – the domain of study (e.g. loss of life, medical, environmental, etc.) may also have an impact on the influence of framing effects and prospect theory more generally

340 – “A broad examination of the political science literature featuring the concept of framing reveals three standard approaches: the traditional focus on semantic manipulations of outcome-descriptors, a new approach based on the hedonic tone of the decision problem [rests on the idea of a ‘natural’ frame that in a sense provides an objective measure of gain and loss], and a third indirect method that examines the overall domain inhabited by the decision-maker”

342 – the author criticizes McDermott’s approach (the last one mentioned above) for divorcing domain from its situational context and relying on seemingly “objective” criteria

-*a good portion of the article is dedicated to experimentally testing such hypotheses as the group polarization hypothesis*

354 - finds some evidence for slightly riskier choices, “evidence that group polarization produced a move to extreme risk acceptance, even when outcomes were framed as gains” (and almost none for extreme individuals as influential) and anecdotal evidence for the social comparison theory