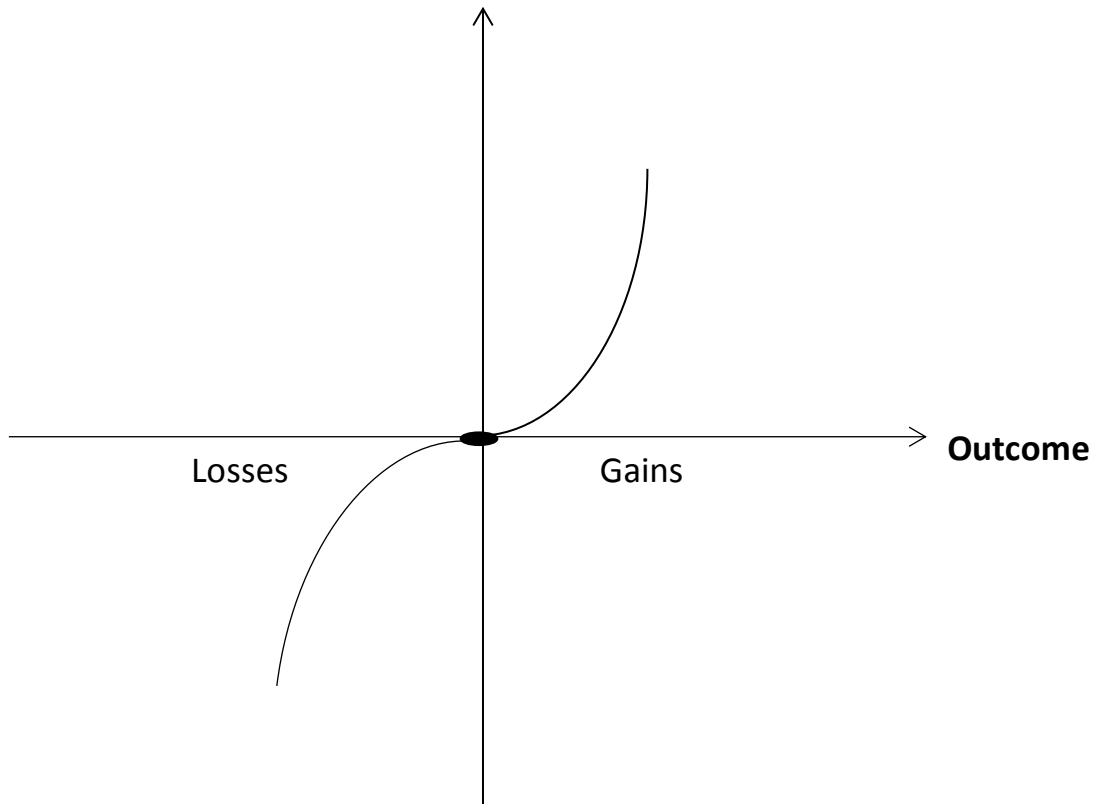


Quiz 8 (answers)  
ECNS 432  
Fall 2018

\_\_\_\_\_Name

**(10 points)** On planet Marklar, the resident alien species have been observed to behave according to the following value function:



How does the behavior of these aliens differ from humans who have been observed to behave according to the standard prospect theory curve we have studied in class? List three reasons.

- 1.) symmetry in valuing gains and losses
- 2.) risk seeking in gains (i.e., convex gain fnc.)
- 3.) risk averse in losses (i.e., concave loss fnc.)