PANTHÉON-ASSAS UNIVERSITÉ PARIS

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LEMMA
Laboratoire d'économie mathématique et de microéconomie appliquée

SÉMINAIRE

REGRET AND ATTENTION - MARTIN VAETH

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Lemma - 4 rue Blaise Desgoffe, 75006 Paris. Salle Maurice Desplas

Martin Vaeth is an Assistant Professor at the Paris School of Economics. He received his PhD in Economics from Princeton University in 2025. His research in microeconomic theory applies information and mechanism design to behavioral economics and political economy.

Abstract:

This paper develops an optimality foundation for regret theory. We ask which emotional responses to decision outcomes would best incentivize an agent to pay more attention. Regret emerges as the uniquely optimal emotion. Our approach microfounds original regret theory (Bell 1982; Loomes and Sugden 1982) and enables its extension to account for decision complexity. Regret is stronger in simpler decision problems, consistent with a self-blame component. A scaling property allows extrapolation to new complexity environments without additional parameters.