

JEA-Nakahara Prize 2019

Recipient: Takashi Hayashi (University of Glasgow)

For his contributions to the fundamental issues in microeconomic theory

Takashi Hayashi is a great independent thinker, who has made a range of important contributions to the fundamental issues in economic theory. His research is centered on decision theory, social choice, and general equilibrium/demand theory.

His paper (*JET* 2008a) is widely regarded as a key contribution, and he is one of the leading decision theorists in his cohort. The innovation of the paper is to consider the situation where the decision maker can choose the precision (or ambiguity) of information about the underlying state. This is the first paper that made it possible to capture the degree of “ambiguity aversion” separately from the degree of risk aversion. This broke new ground in the literature on ambiguity aversion, which was initiated by the Ellsberg paradox.

His *Econometrica* paper (2014) provides a sweeping and fundamental characterization of social choice under asymmetric information. It considers a reasonably weak criterion of “Common Pareto”, which says that the social preference prefers act  $f$  to act  $g$ , if it is common knowledge among asymmetrically informed agents that  $f$  Pareto dominates  $g$ . The paper shows that Common Pareto, together with regularity conditions, implies a surprisingly strong and natural property: the existence of a common prior probability of underlying state and that the social preference is represented by a weighted sum of agents’ expected utilities with respect to the common prior.

(2008) “Attitude toward imprecise information” joint with T Gajdos, JM Tallon, and JC Vergnaud, *Journal of Economic Theory* 140 (1), 27-65.

(2014) “Preference aggregation with incomplete information”, joint with CP Chambers *Econometrica* 82 (2), 589-599

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