

# Survival and Uncertainty through Variational Preferences

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## **Resumo/Abstract:**

The theory of decision under uncertainty has been extensively developed last years and it is yielding relevant consequences in economic theory. It is interesting to investigate if new models for uncertainty aversion are robust when incorporated within classic economic frameworks. The results of Condie (2008) indicate that Maxmin preferences are asymptotically irrelevant in a general equilibrium model. In this paper, Variational preferences (more general than Maxmin) are tested in a survival framework. This paper shows that to determine survival it is necessary to compare levels of uncertainty aversion and aggregate risk, permitting the survival of an agent with persistent uncertainty aversion.