

# *Entropic Costs in Rational Inattention*

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## ABSTRACT

I provide an axiomatic foundation for the Rational Inattention model of Sims (2003). In that model, an agent can pay attention to some available information, but doing so is costly, with the cost given by a measure of reduction of uncertainty: the expected decrease in the entropy of the agent's belief resulting from the information. The model is shown to be essentially equivalent to three properties of choice: (1) two states that are regarded as equally likely are regarded as equivalent; (2) decision problems depending on independent states may be solved separately of each other; (3) an option of conditioning the decision on events that are independent of the payoff-relevant events is worth nothing.