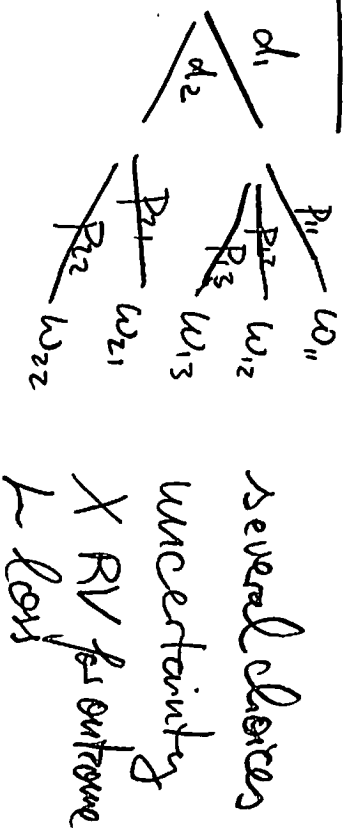


Summary of

Normative Decision Theory (Week 1-5 / Part I)

Problem: What do I do?



- Subjective probab P
- elicitation via bets
 - rational indiv
 - \Rightarrow P full p. lls axioms

$E[U(X)] = \sum p(\omega) U(X=\omega)$

EMV strategy:

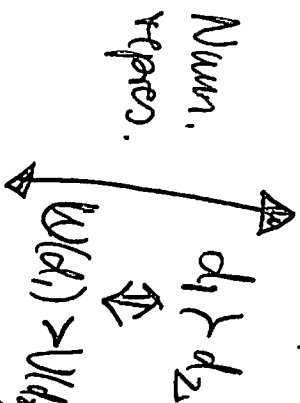
$d^* = \text{argmin}_{d \in D} E[U(d, X)]$

EUT strategy (modified EMV):

$d^* = \text{argmin}_{d \in D} E[U(d, X)]$

References

- properties
- examples / counterexamples



Utility U

- families (eg x^α)
- shape & risk attitude