Decision Theory

Content:
Based on the decision theory under certainty, this event conveys the normative decision theory under uncertainty in its manifestations of the expectancy utility theory and the $\mu - \sigma$ theory. The students acquire knowledge about how to describe appropriate decision situations and how to solve them based on the learned concepts.

Structure:
Part 1: Decisions under security
   a. Fisher model
   b. Apparent preference
   c. Preference relations

Part 2: Decisions under uncertainty: Expected Use Theory
   a. The basic model
   b. Risk Settings
   c. Intensity of risk aversion
   d. Stochastic dominance
   e. New Expectation Theory: Prospect Theory

Part 3: Decisions under uncertainty: $\mu - \sigma$ principle
   a. Introduction
   b. Relation to expectancy utility theory
   c. Application in Portfolio Theory & Tobin- Separation
   d. Properties