

the optimal
fine: decisions
under
uncertainty

today: L-312 → L-322

AM57
7 Jun 18

optional (social) office hour ①
4 pm Sat 16 Jun 2018 @
Lúpulo (downtown SC)

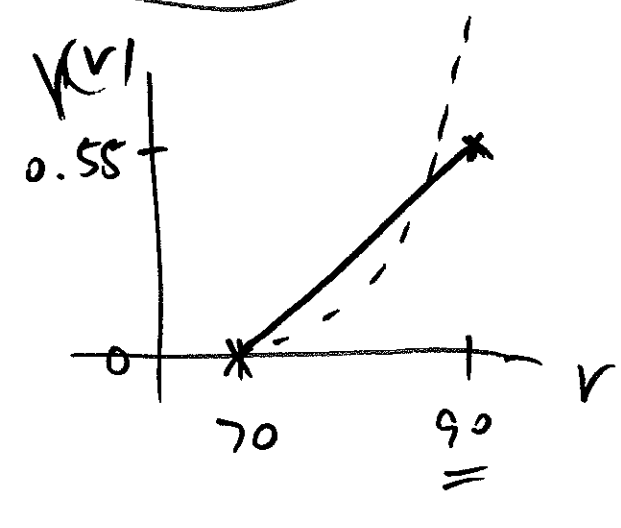
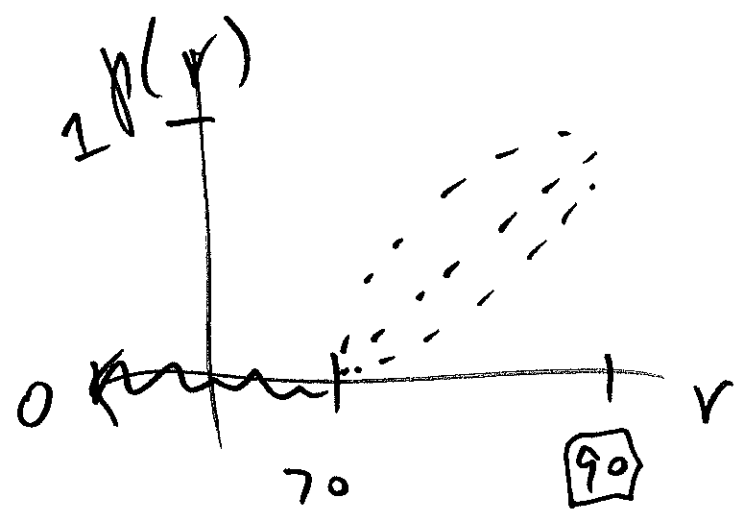
Frank
Ramsey
~(1925)

John
von
Neumann

Jimmy
Savage

$\cdot \cdot a = \text{action space}$
 $= \{ r : 70 \leq r \leq 90 \}$
mph mph

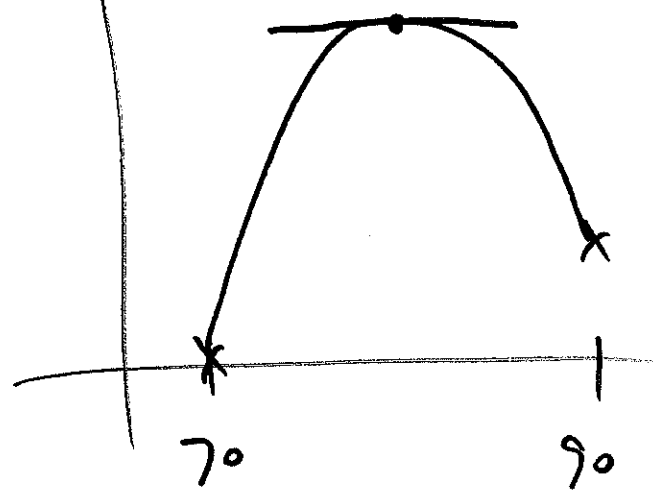
utility: Daniel Bernoulli (1620-5)



$$U(a, \text{unknown}) = \underbrace{(\text{costs})}_{\text{money (US\$)}} + (\text{benefits}) \rightarrow (\text{US\$})$$

(2)

$u(r)$



$u'(r) = 0$ solve for r

