

"A general model of decision under linear uncertainty "

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Abstract:

There are models of decision under uncertainty that can be seen as particular cases of a general formulation: an agent maximizes the expected utility of a random “wealth”, this wealth being the balance of an “income” and a “cost”, where the income can be defined as the product of a “production” and a “price”. We formulate a decision model following this pattern, where the wealth is postulated in a very general form, and uncertainty is assumed to be linear to keep the model easy to handle. For this general model, we present a method to study some properties, including comparative-static effects, in a systematic manner. This work enhances a previous one from the same authors by considering a more general formulation.