

Ken Binmore

Economics Department, University College London

Making Decisions in Large Worlds

Savage's "Foundations of Statistics" says that it would be "utterly ridiculous" to use what we now call Bayesian decision theory outside a "small world". However, most of the worlds to which Bayesian decision theory is currently applied are large in Savage's sense. This talk (which is extracted from a forthcoming book) offers a way of extending Luce and Raiffa's discussion of "decision-making under complete ignorance" in "Games and Decisions" to more general cases. It also suggests an application in game theory in which mixed strategies are expanded to a wider class of "muddled strategies".