

Organization of Homework of Risk and Ambiguity

SOLUTIONS of exercises are at the back of the book (Appendix J). For assignments, the book provides no solutions.

ADVICE 1: if you *can't solve an exercise*, do not yet look up its solution. Instead, ask yourself what of the theory you are missing, and restudy the theory to find out. This stage of concrete searching is the most fruitful stage of learning. Only at very end, check out solution.

ADVICE 2: mathematically sophisticated persons may find some exercises, such as ones calculating expected value, trivial. However, such exercises convey the empirical meaning of decision models (e.g., measure-predict). I know from long experience that people, including mathematically sophisticated, often do not really get this concept without such exercises.

SUPERSCRIPTS to exercises/assignments:

- Exclamation mark “!”: You have to know the result of this exercise. It is part of theory needed.
- a, b, c: you can choose to be an a, b, or c student. Here c is most theoretical and mathematical, a is most empirical, and b is in between. Math students can be c, psychology students a, and econ students usually b. As for exercises and assignments from the book in the homework: c students do them all, b students do only that a and b superscripts, and a students do only those with a superscripts.¹ In the extra exercises provided online there will be most extra work for a students and least for c students.

¹ Remember that the results of exercises/assignments with an exclamation mark have to be known by *all* students. An a-student has to know the result of a c-exercise with an exclamation mark, even while she did not have to solve it.