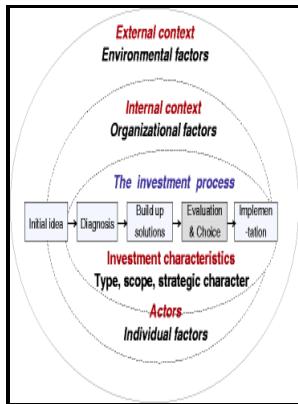


On the theory of optimal investment decision.

Bobbs-Merrill - Theory of Investment



Description: -

-On the theory of optimal investment decision.

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Theory of Investment

Jorgenson found capacity variables to be the most important determinant of the desired capital stock. ADVERTISEMENTS: Second, the theory assumes that a discrepancy between the desired and actual capital stocks is eliminated within a single period.

On The Theory of Optimal Investment, Dividends, and Growth in the Firm on JSTOR

At Decision 1 the company must decide between a large and a small plant. The primary investment media consisted of bonds, not much reliance was given to common stocks as they were considered highly speculative — common stocks were used for investments only if they were backed with tangible assets, their dividends were stable, the company had a sound capital structure and adequate working capital.

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Thus the location of the feasible set may be higher or lower, fatter or thinner than the left or left in the figure, but most of their basic shape. Open Access This is an open access article distributed under the.

Top 3 Theories of Investment

The following treatises, however, contain good surveys of substantial areas of investment theory: Friedrich and Vera 1951 , Trygve 1960 , Jack 1970 , Andrew Abel 1979 and Mark Precious 1987. At the same time, his idea of achieving a proper balance between income and risk constitutes is the theoretical cornerstone of modern portfolio theory .

Optimal investment choice for developing countries: Rational theory and rational decision

When decision trees are used, the discounting procedure can be applied one stage at a time. Finally, Jorgenson found that internal finance variables play little or no role in determining the desired capital stock.

Top 3 Theories of Investment

This theory has opened up a path of quantitative research in the field of financial research in financial mathematics, known as the first financial revolution on Wall Street. This time span was called the speculative period.

Investment Decision Based on Entropy Theory

For many purposes, including the determination of the level of aggregate demand, gross investment is the relevant concept. Each alternative will be followed by resolution of some uncertain aspect, in part dependent on the action taken.

[PDF] On the Theory of Optimal Investment Decision

Third, since the theory assumes no excess capacity, we would not expect it to be valid in recessions, since they are characterized by excess capacity. Different investors have different views on risks because of their different utility functions. The great intermediate figure was Friedrich A.

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