FOLDES, Lucien Paul

Born 1930, Vienna, Austria.
Current Post Prof. Econ., LSE London, England, 1979-.
Past Posts Ass. Lect., Lect., Reader Econ., LSE, 1951-55, 1955-61, 1961-79; British Army, 1952- 4, Rockefeller Travelling Fellow, USA, 1962.
Degrees BCom, Diploma Bus. Admin., MSc LSE, 1950, 1951, 1952.
Principal Fields of Interest 020 General Economic Theory, 213 Mathematical Methods and Models, 520 Business Finance and Investment.
Publications *Articles*: 1. 'Uncertainty, probability and potential surprise', *Ec*, N.S. 25, Aug. 1958; 2. 'Imperfect capital markets and the theory of investment', *REStud*, 18(3), June 1961; 3. 'Domestic air transport policy', *Ec*, N.S. 28, May-Aug. 1961; 4. 'A determinate model of bilateral monopoly', *Ec*, N.S., 31, May 1964; 5. 'Income redistribution in money and in kind', *Ec*, N.S., 34, Feb., May 1967 & 35, May 1968; 6. 'Some comments on the theory of monopoly', in *Essays in Honour of Lord Robbins*, eds. M. Peston and B. Corry (Weidenfeld & Nicholson, 1972); 7. 'Expected utility and continuity', *REStud*, 39(4), Oct. 1972; 8. 'Optimal saving and risk in continuous time', *REStud*, 45(1), Feb. 1978; 9. 'Martingale conditions for optimal saving: discrete time', *J Math E*, 5(1), March 1978; 10. 'Quarterly returns to UK equities 1919-1970' (with P. M. Watson), *Ec*, 49, May 1982.
Principal Contributions My training at LSE in traditional microeconomics and business subjects gave me interests in theoretical problems connected with costs, capital, welfare and uncertainty, as well as in more 'applied' questions of pricing policy, financial control and government regulation of industry. Following a thesis on the theory of costs (which led eventually to No.2 above), I at first taught and wrote mainly on problems of delegation in budgeting and control of public enterprise, my most substantial effort being No. 3. At the same time I studied mathematics, particularly analysis and probability, and gradually shifted the emphasis of my work in this direction. During the 1960s I published a number of papers on topics in microeconomics and welfare (investment, redistribution, monopoly). Taking over a course on business administration, I reoriented the teaching towards quantitative decision models, particularly models of risk and uncertainty.

My first publication on mathematical decision theory was No. 7 on expected utility, which sorts out systematically the relationships between (1) assumptions of continuity of preferences with respect to alternative topologies in a space of lotteries and (2) analytic properties of the corresponding cardinal utility function. Since completing this paper I have specialised increasingly in teaching and consulting as well as research on problems of risk in investment decisions, particularly on applications of stochastic processes. My main publication during this period is No. 8, which considers a continuous time, stochastic model of optimal accumulation, proving the existence of an optimal plan and characterising this plan by means of martingale properties of the shadow prices. I am continuing to work on models of this type, extending my previous results and investigating the properties of optimal savings functions, this involves the study of certain boundary value problems for a second-order ordinary differential equation.