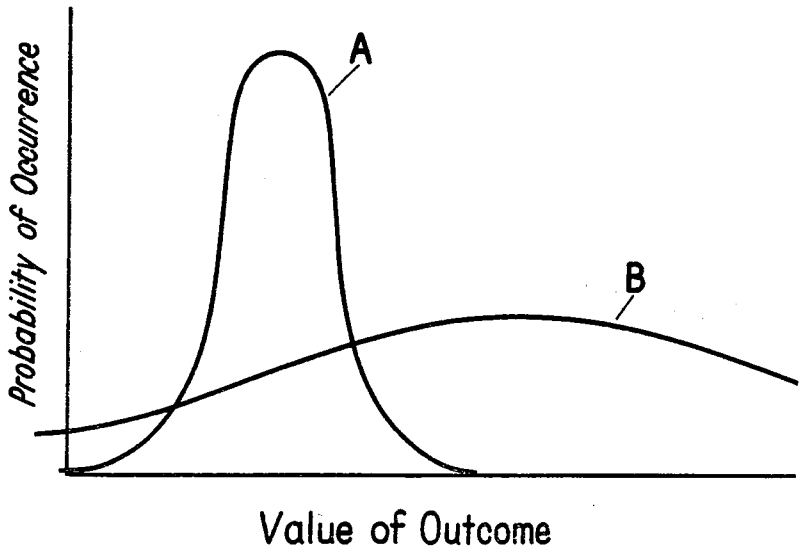
Well, let us stay with the chart. Let us consider the distribution of possible outcomes of two ventures, venture A and venture B.

(The chart referred to follows:)

DISTRIBUTION OF POSSIBLE OUTCOMES OF TWO VENTURES



Mr. PLOTKIN. Here—the "x" axis—is the value of the outcome of either venture, and here—the "y" axis—is what is known as the probability of occurrence of that value. So as you see, the higher you are here, that means this is the most likely event to occur, having most of the probability. Any other value has somewhat lower probability.

Now, my claim is quite a simple one. It is not highly sophisticated in its mathematics. It merely says that faced with venture A and venture B, one is more certain of how he will wind up if he says, "I will ride curve A," than if he says "I will ride curve B", because curve A is the least dispersed, less diverse in its nature. Curve B is more spread out.

This characterization is a very good characterization of various games of chance, some of which, like roulette, have very widely differing outcomes on very small probabilities, and very high gains. Others of them—I am not a good enough gambler, so I am not sure—are more concentrated as to what the value of the outcome will be.

I would, however, make one more point. The measure of risk does not depend merely—the measure of uncertainty is not and I use these words interchangeably, because that is the common thread through all definitions—on the extremes of these distributions because theoreti-