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# The origins of the mean-variance approach in finance: revisiting de Finetti 65 years later

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## Abstract

In a recent critical review of de Finetti's paper "Il problema dei pieni", the Nobel Prize winner Harry Markowitz recognized the primacy of de Finetti in applying the mean-variance approach to finance, but pointed out that de Finetti did not solve the problem for the general case of correlated risks. We argue in this paper that a more fair sentence would be: de Finetti did solve the general problem but under an implicit hypothesis of regularity which is not always satisfied. Moreover, a natural extension of de Finetti's procedure to non-regular cases offers a general solution for the correlation case and shows that de Finetti anticipated a modern mathematical programming approach to mean-variance problems.

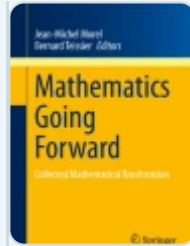
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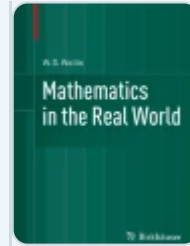
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### Cite this article

Pressacco, F., Serafini, P. The origins of the mean-variance approach in finance: revisiting de Finetti 65 years later. *Decisions Econ Finan* **30**, 19–49 (2007). <https://doi.org/10.1007/s10203-007-0067-7>

Received

28 November 2006

Accepted

23 January 2007

Issue Date

May 2007

DOI

<https://doi.org/10.1007/s10203-007-0067-7>

### Keywords

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