

Advanced Microeconomics – Part 1

Instructor: Lorenzo Bastianello

Course description. The first part of the course “Advanced Microeconomics” presents in a rigorous way several results that are at the heart of microeconomics. The main objective of the course is to learn how individual decision-making is modelled in economics. There are several types of decisions that must be taken in everyday life: how to allocate my budget to be as happy as possible? Should I subscribe an insurance? How much should I save for my retirement?

The first half (of the first part) of the course is about how to model decision under certainty. The central issue will be about how to define “rational” preferences, and why this definition may be considered controversial. The second half will be dedicated to the study of preferences under uncertainty. The axiomatic treatment of expected utility of von Neumann and Morgenstern will be presented. This part will be concluded with an analysis of human behavior in face of risk.

References. Course slides.

Grading. Final written exam.