

## **The Economics of Risk: An Introduction**

Paris, 23/24/26/27 July 2012  
**16 contact hours / 2 ECTS credits**

### **Learning Objectives**

- Introduce the basic concepts used in economics to characterize attitudes towards risk.
- Realized risk implications in the decision problems.

### **Course Design**

- Some historical developments from Daniel Bernoulli (1738).
- Definition of the main attitudes towards risks: aversion, neutrality and loving.
- Define the concept of the risk premium and its properties.
- Measures of risk.
- Implications for decisions: insurance, portfolio composition, precautionary savings and prevention.

### **Prerequisites:**

- Basic knowledge of calculus: derivatives of a function and Taylor approximation.
- Statistics: mathematical expectation, variance and covariance.
- Introduction to microeconomics.

### **Advised Readings:**

"Economic and financial decisions under risk. Eeckhoudt, Gollier and Schlesinger, Princeton University Press 2005.