Microeconomic Theory – Psychological Foundations

Goal
After successful completion of the course the PhD student is expected to (i) have a rigorous knowledge and understanding of the psychological foundations of economic judgements and decisions, (ii) have sufficient theoretical and empirical training to generate a scientific paper in the microeconomic field of preferences and choices.

Content
This is a PhD course in contemporary microeconomic theory and empirics, focusing on individual decision-making. It provides an exposition of prospect theory, which is a compelling alternative to the classical utility theory of choice. It evaluates the core idea that judgments are usually based on simplifying heuristics rather than on more formal and extensive algorithmic processing. To illustrate these heuristics and biases the course includes an array of real-world applications. Furthermore, this course provides an understanding of the concept of preference construction, tracing the development of this idea within psychology and economics. The student will be exposed to decades of work on central issues involving the construction of preferences.

Prerequisites
Students enrolled in an economics PhD program. Other students may follow this course if they can demonstrate adequate proficiencies in economics and mathematics.

Target group
First year PhD students in economics.

Organization
Part-time course involving lectures, exercise sessions, seminars, and self-studies.

Literature
See separate list of literature.

Examination
Assignments or a written exam, or both.

Credits
7.5 credits.

Other information
This course is a part of the Swedish Graduate Program in Economics (SWEGPEC).