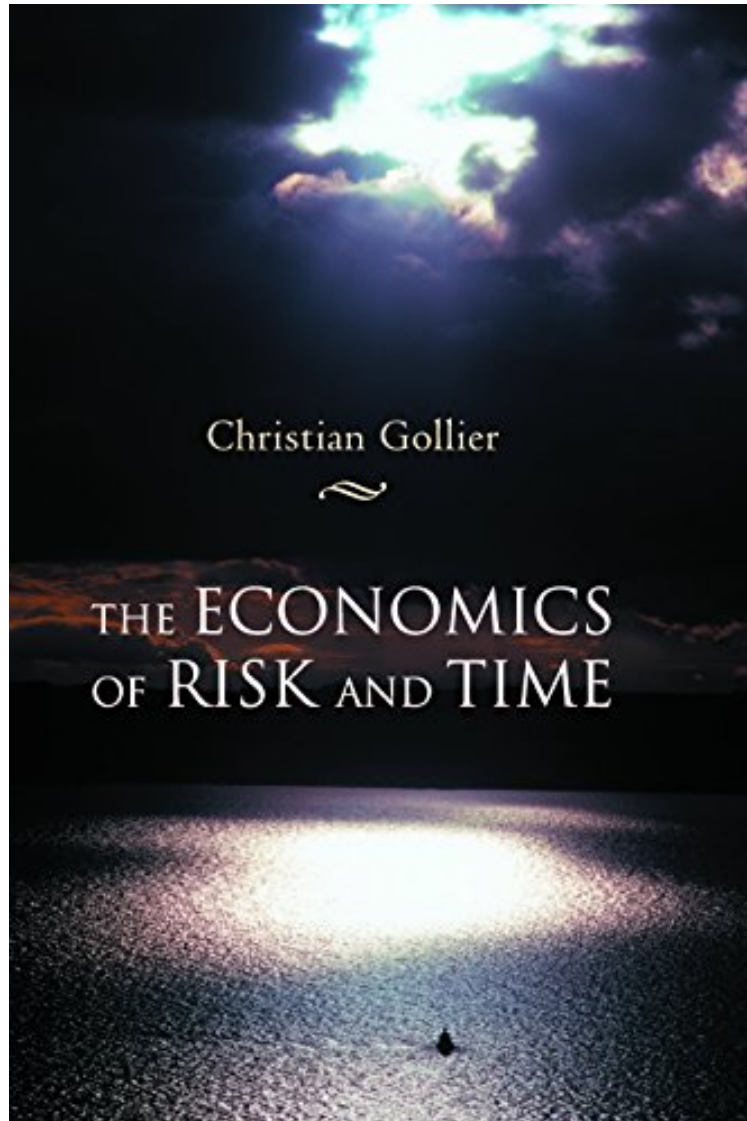


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## The Economics of Risk and Time (MIT Press)

*Christian Gollier*

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**Christian Gollier : The Economics of Risk and Time (MIT Press)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Economics of Risk and Time (MIT Press):

1 of 1 people found the following review helpful. An excellent summary of the field By Aaron C. Brown I used this for a course in 2010 and found very little to update. It works from the basics to advanced topics, using the minimum required mathematics (which is a moderate amount). One of its great virtues is even-handedness, different results are presented with advantages and disadvantages; in particular, no pretense is made that assumptions made for mathematical tractability have theoretical or empirical support. One quibble is the notation is not consistent. This is probably an advantage for a single reader working through the book, it means everything is defined as needed rather

than having long sections on definitions. At no point does the changing notation make the text unclear. But if you're flipping back and forth between chapters, or using it as a reference, it can be a little confusing. 0 of 0 people found the following review helpful. Very happy about this product and the seller. By Michael. Arrived in a timely manner. Product is as advertised. Very happy about this product and the seller. 3 of 3 people found the following review helpful. masterpiece. By X. Che. Amazing book connecting all the dots you know in asset pricing, macro, general equilibrium, etc. You come out of it refreshed, feeling you are a different person.

This book updates and advances the theory of expected utility as applied to risk analysis and financial decision making. Von Neumann and Morgenstern pioneered the use of expected utility theory in the 1940s, but most utility functions used in financial management are still relatively simplistic and assume a mean-variance world. Taking into account recent advances in the economics of risk and uncertainty, this book focuses on richer applications of expected utility in finance, macroeconomics, and environmental economics. The book covers these topics: expected utility theory and related concepts; the standard portfolio problem of choice under uncertainty involving two different assets; the basic hyperplane separation theorem and log-supermodular functions as technical tools for solving various decision-making problems under uncertainty; choice involving multiple risks; the Arrow-Debreu portfolio problem; consumption and saving; the equilibrium price of risk and time in an Arrow-Debreu economy; and dynamic models of decision making when a flow of information on future risks is expected over time. The book is appropriate for both students and professionals. Concepts are presented intuitively as well as formally, and the theory is balanced by empirical considerations. Each chapter concludes with a problem set.

"Presents a unified and up-to-date analysis of the expected utility model." — Journal of Economic Literature  
"Gollier's treatise on risk and time will be the bible for future finance theory and practice. Get your copy; read and reread. Keep ahead of the competitive mob." — Paul A. Samuelson, Massachusetts Institute of Technology  
About the Author: Christian Gollier is Professor of Economics at the University of Toulouse, FFSA Chair of Insurance at the Institut d'Economie Industrielle, and coordinator of the European area network in Applied Microeconomics at CESifo.