

**Dr. Juliane Hennecke**



MARTIN-LUTHER-UNIVERSITÄT  
HALLE-WITTENBERG

Chair of Empirical Microeconomics

## **ADVANCED MICROECONOMICS**

### **Organization and Introduction**

Winter Term 2025/2026

# Overview

- ① Introduction
- ② Course information
- ③ Exam
- ④ What is Advanced Microeconomics?
- ⑤ Outline
- ⑥ Literature

# Introduction - Chair

- Chair for Empirical Microeconomics
  - Formerly Prof. Wuppermann, currently vacant
  - Acting professor: Dr. Juliane Hennecke
- Teaching supported by **Nils Sulzmann** (Research assistant & PhD student at Chair of Empirical Macroeconomics)

# Introduction - Lecturer

- Who am I?
  - Since October 2025: Acting Professor (Vertretungsprofessorin) for the **Chair of Economics, in particular Empirical Microeconomics**
  - Since October 2021 (on leave): Post-Doc at the Chair of Behavioral Social Policy at Otto von Guericke University Magdeburg
  - 2019 – 2021: Postdoctoral Research Fellow at Auckland University of Technology, New Zealand
  - PhD in 2019 at Freie Universität Berlin, Master's at University of Potsdam, Bachelor's at University of Göttingen

# Introduction - Lecturer

- Who am I?
  - Research: Empirical Microeconomics and Behavioral Economics, mainly in the fields of Labor Economics and Population Economics
    - Current topics: Effects of workplace flexibility on employees and families, distribution of unpaid work (esp. childcare) within households, effects of occupational proximity in relationships, impact of personality traits on decision-making, effects of crime on victims (and offenders), patient behavior in the healthcare system
    - ... mainly working with survey data (e.g., SOEP) and administrative datasets

# Advanced Microeconomics

## Course information

- Lecture - Dr. Juliane Hennecke
  - Wednesdays, 10:15-11:45
  - Großer Hörsaal [WiWi]
  - In-person (recorded)
  - Slides and all other information in [Stud.IP](#)
- Exercise Session - Nils Sulzmann
  - Monday, 12:15 - 1:45pm c.t.
  - Hörsaal Z [Mel]
  - In-person (maybe recorded)
  - Exercises that accompany the lecture
  - Starts **October 20, 2025**
  - More information in [Stud.IP](#)

## Communication

- In person before or after lecture and exercise sessions
  - By email – depending on the content of your question, please contact ...
    - Lecturer: juliane.hennecke@wiwi.uni-halle.de
    - Teaching assistant: nils.sulzmann@wiwi.uni-halle.de
    - **Important:** Use a meaningful subject line (e.g., Question on Lecture xx, Slide xx)
  - (Online) office hours by appointment
  - Materials and information via Stud.IP
- Please always check Stud.IP beforehand for short-notice changes; adjustments to the schedule are possible!

# Exam

- There will be a 60-minutes written **final exam** (with 60 credits)
- Two dates to choose from
  - February 13, 2026 (8am)
  - March 20, 2026 (8am)
- Important: Register for module & exam (two registrations!)
- **Exam preparation**
  - Exercise Sessions
  - Mock Exam
  - AI Tools

# Microeconomics

- **Microeconomics** studies individual decision-making in situations of scarce resources ...
- ... and the effects of these decisions on the interactions between different actors in the market
- The actors considered are:
  - ① Individuals / Households (a.k.a. consumers)
  - ② Firms (a.k.a. producers)

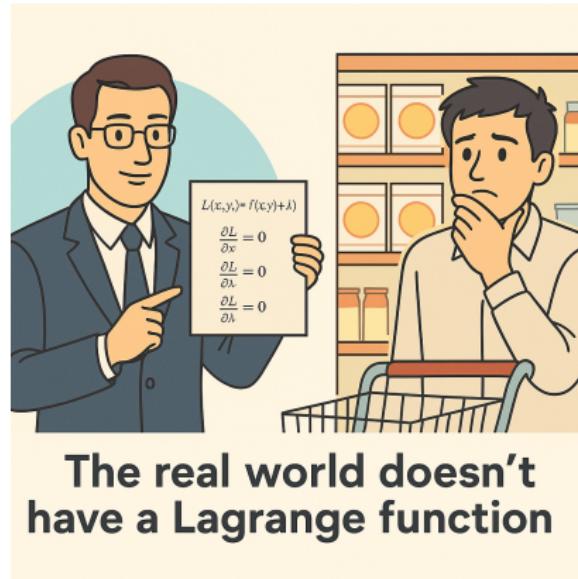
# Advanced Microeconomics

- More **in-dept and formal approach** to the concepts known from Bachelor-level Microeconomics:
  - ① **Rational choice analysis** - Rational decision making of actors under ...
    - ... complete information, i.e. under certainty
    - ... incomplete information, i.e. under risk and uncertainty
  - ② Interaction between actors in one market (**partial equilibrium**)
  - ③ Interactions between markets (**general equilibrium**) and their welfare implications
- Focus on **consumer theory** with **rational choice focus**
  - What should rational consumers (Econs) optimally do? (normative theory)
  - Last lecture: Introduction into **behavioral economics** as descriptive/positive decision theory to predict behavior of humans

# Advanced Microeconomics - This Course

- Examples of applications
  - Do gifts cause welfare losses?
  - Do Giffen goods really exist?
  - What do decisions (in situations under risk) tell us about the value of a (statistical) life?
  - What's the role of information for the welfare economy?

# Advanced Microeconomics - This Course



Understand theory → See limits → Understand actual behavior

## Goals

- You know how to approach economic questions using a mix of theoretical models and empirical tools
- You know fundamental and advanced microeconomic models
- You know empirical approaches to answering causal questions
- You understand and are able to interpret studies from the field of applied microeconomics

# Expectations

- You can expect ...
  - Enthusiasm for microeconomics
  - Focus on intuition and applicability of theoretical models
  - Structured course - You will always know what to expect from the next lecture
  - Slides (shortly) before the lecture in Stud.IP
  - Openness for questions
- I expect that ...
  - you come to class (prepared)
  - you are interested in understanding microeconomics (and not just passing the exam)
  - you ask questions

# Outline

## 1) Consumer Theory

- 1.1) Preferences and Utility (L1)
- 1.2) Utility Maximization (L2)
- 1.3) Expenditure Minimization (L3)
- 1.4) Demand Functions and Comparative Statics (L4)
- 1.5) Duality, Slutsky Equation and Types of Goods (L5)

## 2) General Equilibrium

- 2.1) Exchange Economy (L6)
- 2.2) Welfare Economics and General Equilibrium (L7)

## 3) Decisions under Risk and Uncertainty

- 3.1) Expected Utility (L8)
- 3.2) Risk Preferences (L9)
- 3.3) Insurances (L10)
- 3.4) Safety Regulations and the Value of a Statistical Life (11)

## 4) Behavioral Economics (L12)

# Outline

W	Lecture		Exercise Session	
	date	topic	date	topic
0	15/10/25	Introduction	13/10/25	no session
1	22/10/25	L1 - Consumer I	20/10/25	ES0 - Math for Economists
2	29/10/25	L2 - Consumer II	27/10/25	ES1 - Consumer I
3	05/11/25	L3 - Consumer III	03/11/25	ES2 - Consumer II
4	12/11/25	L4 - Consumer IV	10/11/25	ES3 - Consumer III
5	19/11/25	L5 - Consumer V	17/11/25	ES4 - Consumer IV
6	26/11/25	L6 - General Eq. I	24/11/25	E5 - Consumer V
7	03/12/25	L7 - General Eq. II	01/12/25	ES6 - Consumer VI
8	10/12/25	L8 - Risk&Uncert. I	08/12/25	ES7 - General Eq. I
9	17/12/25	L9 - Risk&Uncert. II	15/12/25	ES8 - General Eq. II
<b>Christmas Break</b>				
10	07/01/26	L10 - Risk&Uncert. III	05/01/26	no session
11	14/01/26	L11 - Risk&Uncert. IV	12/01/26	ES9 - Risk&Uncert. I
12	21/01/26	L12 - Behav. Econ.	19/01/26	ES10 - Risk&Uncert. I
13	28/01/26	L13 - Summary	26/01/26	ES11 - Risk&Unc. III
14	04/02/26	no lecture	02/02/26	Mock Exam

# Literature

- Lecture Notes by David Autor (MIT)
- *For basic intuition (less formal)*: Varian, Hal R. (2020): Intermediate microeconomics: a modern approach. 9th edition. New York W.W. Norton & Company
  - Available from ULB
- Additional material:
  - Empirical methods: Angrist, J. D., & Pischke, J. S. (2014). Mastering metrics: The path from cause to effect. Princeton university press.
  - We will discuss several papers (applications) during this course that we will make available on Stud.IP

# Literature

## 1) Consumer Theory

- 1.1) Preferences and Utility (Autor LN 3)
- 1.2) Utility Maximization (Autor LN 4)
- 1.3) Expenditure Minimization (Autor LN 5)
- 1.4) Demand Functions and Comparative Statics (Autor LN 6)
- 1.5) Duality, Slutsky Equation and Types of Goods (Autor LN 7)

## 2) General Equilibrium

- 2.1) Exchange Economy (Autor LN 10)
- 2.2) Welfare Economics and General Equilibrium (Autor LN 10/11)

## 3) Decisions under Risk and Uncertainty

- 3.1) Expected Utility (Autor LN 16)
- 3.2) Risk Preferences (Autor LN 16)
- 3.3) Insurances (Autor LN 17)
- 3.4) Safety Regulations and the Value of a Statistical Life (Autor LN 18)

## 4) Behavioral Economics (L12)

## List of Papers for Applications

### 1.3) Carte Blance Principle (L3 - Expenditure Minimization)

- **Waldfogel, J. (1993):** The Deadweight Loss of Christmas. AER, 83(5): 1328–1336.

### 1.5) Giffen Goods (L5 - Duality, Slutsky Equation and Types of Goods)

- **Jensen, R.T., & N.H. Miller (2008):** Giffen Behavior and Subsistence Consumption. AER 98 (4): 1553–77.

### 2.2) The role of information for welfare (L11 - Welfare economics)

- **Jensen, R. (2007):** The Digital Provide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector, QJE, 122(3): 879–924

### 3.2) Measuring Risk Preferences (L7 - Risk Preferences)

- **Dohmen et al. (2008):** Individual risk attitudes: Measurement, determinants, and behavioral consequences. JoEEA, 9(3): 522–550.

### 3.4) The Value of a Statistical Life (L9 - Safety Regulations)

- **Ashenfelter, O., & Greenstone, M. (2004):** Using Mandated Speed Limits to Measure the Value of a Statistical Life. JpPE, 112(S1): 226–267

# What to do with the papers?

- Prepare (“read”) the paper for class
- Be will discuss the following questions:
  - What is the paper about?
  - How is it related to our class?
  - What data and methods are used?
  - What are the paper’s (main) results?
  - What is your personal take-away from this paper?
- Crash-Course into “How to read economic papers” in exercise session
- In the exam you’ll be given a short paper to read and discuss so that it is useful to develop these skills without AI!

## Further Interesting Material

- **Tip:** Engage with (micro)economic topics — this will also strengthen your understanding of the fundamentals:
  - Newspapers and magazines
  - Podcasts
  - (Popular science) books and audiobooks

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Radio  
Freakonomics



Planet  
Money



Think like  
an  
Economist



In der  
Wirtschaft



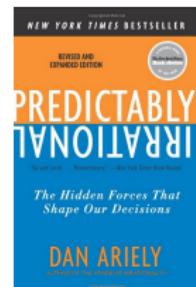
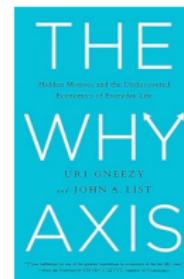
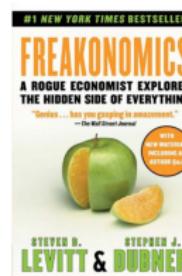
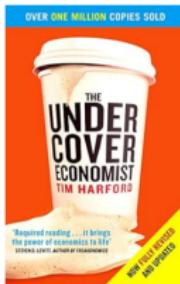
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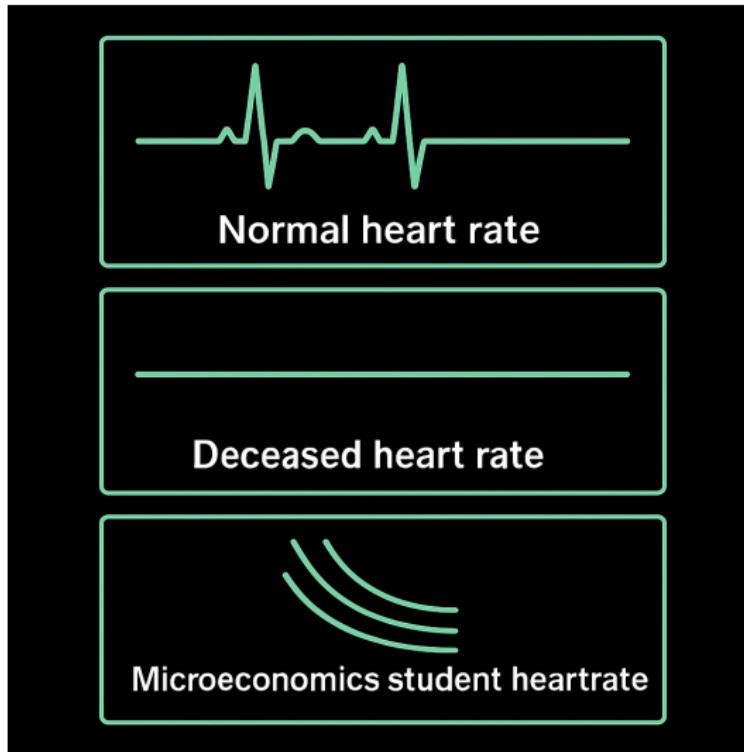
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## Lets get started...



## Questions?

