# Economics

## Prof. Daniela Bragoli – first part (Microeconomics)

## Prof. Floriana Cerniglia – second part (Macroeconomics)

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with the key concepts to understand the functioning of markets (micro perspective) and the economic system of a country as a whole (macro perspective). In terms of methodology, the course aims to teach students how to use simple tools (logical, formal, and graphic) for the description and the understanding of economic trends and phenomena.

At the end of the course, students will be able to apply the micro and macro concepts at the basis of economic systems, and in particular:

1. from a microeconomic point of view, students will be able to explain the determination of prices in a market economy, and the way in which scarce resources are allocated for different purposes through a specific institution, that is to say, markets (either in a situation of perfect or imperfect competition);
2. from a microeconomic point of view, students will be able to explain the key concepts of macroeconomics (such as gross domestic product, inflation, markets trading goods and currencies, labour market, etc.) and understand public policies and the effects of fiscal and monetary policies.

Furthermore, at the end of the course, students will be able to:

1. adopt a critical perspective towards the malfunctioning of world economic systems;
2. use proper terminology while discussing economic topics;
3. apply the empirical facts and economic theories analysed during the course to the global economic-social scenario.

##### COURSE CONTENT

The course is divided into two different parts:

Part one: Microeconomics

*– Introduction to Economics.* Principles, methods, classifications.

*– Supply and Demand.* Markets, the law of supply and the law of demand. Market equilibrium.

– *Consumer’s Choice Theory.* Indifference curves, individual and market demand. Substitution and income effects.

– *Production and Costs.* Firms. Short- and long-term production. Short- and long-term costs, average costs, marginal costs. Profit maximisation.

– *Perfect Competition.* Perfectly competitive firms, perfectly competitive markets. Short-term and long-term.

– *Monopoly and Imperfect Competition.* Monopoly. Monopolistic competition.

– *Financial markets*. Sources of financing for companies. The financial markets. The market for loanable funds.

– *Market failure*. Externality. Public goods. Information asymmetries. The role of the State.

Part two: Macroeconomics

– *National Accounting and Macroeconomic issues.*

– *Production, Income and Employment.*

– *The Monetary System, Prices and Inflation*

– *Economic Growth.*

– *Economic Fluctuations.*

– *The Banking System and* *Monetary Policy*

– *Aggregate Demand and Aggregate Supply*

##### READING LIST

M. Lieberman – R. Hall, 2015, *Economia – Principi e applicazioni*, Maggioli Editore.

***TEACHING METHOD***

Lectures and practical classes, publication of teaching material on the *Blackboard* course and on the lecturers' webpages.

***ASSESSMENT METHOD AND CRITERIA***

The exam may be taken in one of two ways:

**METHOD 1 (standard)**

The exam consists of a written test and an oral test, both compulsory. The written test, lasting 2 hours, is divided into two parts (Section A - Microeconomics and Section B - Macroeconomics). Each section consists of 3 long questions (4 points each) and two short questions (1.5 points each). 70% of the points of each question is given by exactness and accuracy of the answer, while the remaining 30% is given by clarity. Each section, therefore, awards a mark from 0 to 15. In order to pass the exam, students will have to obtain at least 18 points (considering both sections). This will allow them to take the oral exam.

**ii)** The oral exam will potentially cover all the topics analysed during the course, and will allow students to increase or decrease their final mark of 6 points maximum. It will consist in three questions (2 points each) based either on the theory or on the practice (exercises). 70% of the points of each question is given by exactness and accuracy of the answer, while the remaining 30% is given by use of logic, adoption of a critical approach towards the theories studied in class, and use of economic intuition and proper terminology.

**METHOD 2 (with interim tests)**

The exam consists of **two interim written tests** (lasting **60 minutes** each) and an **oral test**. They are all compulsory.

i) The first interim written test (taking place just once per year on a specific notified date, between January and February) will cover the Microeconomics programme and will be assessed using the same structure and criteria listed in Section A of the written exam mentioned above (please see *Method 1*).

ii) The second interim written test (taking place just once per year on a specific notified date, between the end of May and the beginning of June) will cover the Macroeconomics programme and will be assessed using the same structure and criteria listed in Section B of the written exam mentioned above (please see *Method 1*).

In order to pass the written exam, students must get at least 9 points in **both** tests (the maximum is 15 points in each test). This will allow them to take the **oral exam** (covering **all** the topics explained during the course, and assessed using the same criteria indicated above in the *Method 1* section). **N.B.** Students have to pass the first interim test in order to be allowed to take the second one.

***NOTES AND PREREQUISITES***

Being an introductory course, it does not require any specific content related prerequisites. Anyway, students should show interest and intellectual curiosity towards economic and social topics.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.