# Economics

## Prof. Michele Grillo

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

The course presents the conceptual framework and the basic analytical tools to understand how market economy systems work from both a microeconomic and a macroeconomic perspective. At the end of the course, students will be able to: (i) analyse the main microeconomic phenomena concerning consumers and companies behaviours within the market context and to understand their implications from the point of view of the effectiveness of the balances of the entire economic system; (ii) analyse the main phenomena governing the macroeconomic balances and explain the reasons, objectives and public intervention procedures in the economy.

***COURSE CONTENT***

1. *Introductory notions*

Political economy as a social discipline. Social division of labour. Methodological individualism and the hypothesis of individual rational behaviour.

2. *Microeconomics*

The consumer, the notion of consumer reserve price and the Law of demand. Demand elasticity. Consumer surplus. Producer theory. Production and cost functions. The concept of production efficiency. The notion of producer reserve price and the Law of supply. The perfectly competitive equilibrium and the concept of allocative efficiency. Imperfect competitive markets. Rational behaviour in a strategic context. An introduction to game theory. International trade and globalisation. European integration and the single currency.

3. *Market and State failure*

Public goods and externalities. Imperfect information. An introduction to economic policy.

4. *Macroeconomics*

The macroeconomic approach. Gross domestic product. Price level and inflation. Long-term economy. Capital accumulation and growth. Short-term economy. Consumptions, investments and aggregate demand. Involuntary unemployment. Money supply and demand. IS-LM model. The stabilisation of the economic system: tax policy and monetary policy. The AD-AS model.

5. *Hints to financial markets analysis*

Choice under uncertainty. Intertemporal trade. Markets and financial intermediaries. Mercati e intermediari finanziari. Great Contraction analysis (2008-2009).

***READING LIST***

R.H. Frank-B.S. Bernanke-M. Mcdowell-R. Thom-I. Pastine, *Principi di Economia*, McGraw-Hill, 2013, fourth edition.

***TEACHING MATERIAL***

Lectures.

***ASSESSMENT METHOD AND CRITERIA***

Interim written tests (optional), final written test. The written test (interim and final) consists of five questions: the first one is aimed at testing students' understanding of an economics textbook; the second one aims to test students' knowledge of the basic economics concepts; the purpose of the third question is to check students' ability to cross-reference the economic concepts acquired; the fourth one aims to test students' ability to use economic reasoning to face issues; the fifth question is aimed at testing students' ability to understand if an individual uses economic reasoning in an appropriate or inappropriate way while facing a specific issue.

To pass the exam students have to successfully answer at least three questions out five with a pass mark.

***NOTES AND PREREQUISITES***

Basic concepts of algebra and geometry.

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

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.