# Economics (Microeconomics)

## Prof. Massimiliano Rigon

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

The course aims to present the main themes used in economic reasoning and needed for understanding decisions by economic agents and the functioning of the markets.

At the end of the course, students will be able to:

* understand the main basic microeconomic theories and use these to describe the behaviour of consumers and producers and their interaction in different markets;
* apply their theoretical knowledge and determine (analytically and graphically) how the interaction between economic agents allows one to achieve and study different market balances;
* independently assess, using the tools provided, the effects of different market structures on the well-being of a company and make judgments on their efficiency;
* possess the technical and linguistic prowess needed to understand the main (micro) economic phenomena, and to communicate their knowledge to others with due presentation skill and technical understanding;
* possess the knowledge and skills needed to profitably take more advanced courses in economics and business economics, as well as know the extrapolations and further implications of the microeconomic theories learnt in this course.

***COURSE CONTENT***

*Introduction:*The principles of (micro)economics, economic models, the functioning of the market.

*Consumer theory:*Budget constraints, preferences, utility and consumer choices. Market demand, elasticity, market equilibrium, effects of taxes. Special study: the case of initial resources.

*The theory of enterprise and production:*Technological constraints, optimal combination of factors, structure of costs. Short- and long-term production decisions, minimisation of costsandmaximisation of profit.

*Equilibrium of a single market in perfect competition:*Competitive firm's supply, industry supply, equilibrium in the short run and the long run.

*Other market structures:* Monopoly, oligopoly and monopolistic behaviours.

*Overview of game theory:* Nash equilibrium and dominant strategies; normal-form games and extensive-form games. Pure strategies and mixed strategies.

One of the following in-depth investigations.

*General economic equilibrium:* Trade, market and theorems of welfare formulas.

*Market failures:*externalities, public goods.

*Information and incentives:*Adverse selection and moral hazard.

***READING LIST***

One of the following textbooks:

H. Varian, *Microeconomia,* Cafoscarina, Venezia, 2002, 5th ed.

Further material is available on professor’s web-page.

***TEACHING METHOD***

The course will mainly be taught through lectures on theory. A series of assignments involving the class is also contemplated.

***ASSESSMENT METHOD AND CRITERIA***

A mid-term test is contemplated. Both the mid-term test and the final exam will be in written form: students will have to solve exercises and reply to short theoretical open-ended questions. The final exam will be 120 minutes long and the mid-term test 90 minutes long.

***NOTES AND PREREQUISITES***

There are no prerequisites for attending the course.

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.