# Economics (Microeconomics)

## Prof. Giovanni Crea

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

The course aims at illustrating the fundamental concepts used in economics to explain the behaviour of economic agents and market performances.

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

1. understand the main basic microeconomic theories and use these to describe the behaviour of consumers and producers and their interaction in different markets;
2. apply their theoretical knowledge and determine (analytically and graphically) how the interaction between economic agents allows one to achieve and study different market balances;
3. 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;
4. 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;
5. 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***

The course is structured into two main parts. The first part deals with consumer and producer theories, while the second one focuses on equilibrium in perfectly and imperfectly competitive markets. The course also addresses topics in strategic behaviour and game theory. Further topics may be discussed by individual lecturers and will be posted on their personal page.

Part I

*Introduction.*

– The principles of microeconomics, economic models, market behaviour and functioning.

*Consumer theory.*

– Consumer's budget constraints, preferences, utility and decisions.

– Market demand, elasticity, market equilibrium, effects of taxes.

*Theory of the firm and production.*

– Production function, demand for factors of production.

– Short- and long-term cost functions.

Part II

*Market equilibrium in perfect competition.*

– Firm and industry, equilibrium in the short and long run.

*Market power and imperfect competition.*

– Monopoly.

– Oligopoly

*Game theory*.

*–* Strategies and equilibrium*.*

*Trade and market.*

– General economic equilibrium, economic efficiency, welfare theorems.

*Public goods and externalities*

– Competitive equilibrium inefficiency and remedies.

***READING LIST***

Bernheim-Whinston, *Microeconomia,* McGraw-Hill, Milano.

Recommended Workbooks.

M. Bonacina-P. De Micco, *Microeconomia*: *Esercizi*, Egea, 2014.

F. Colombo, *Scelta razionale, mercati e stato: esercizi di microeconomia,* Giappichelli, 2008.

M. Gilli, *Esercizi svolti di Microeconomia,* Pearson, 2018

R. Tangorra, *Microeconomia: Temi e problemi*, Egea, 2003.

***TEACHING METHOD***

The course is divided into frontal lectures and tutorials. The Blackboard platform is an additional educational tool for the course lecturers who, using modern teaching tools, enable forms of active student participation.

***ASSESSMENT METHOD AND CRITERIA***

The assessment consists of written exams that may be assigned as tests. The exam can be taken by way of two partial tests (an interim test and a completion test) or by way of a general exam. Students can choose to be assessed through two tests (a mid-term test and a final test) or through a single test. In the first case, the final test must be taken in one of the first two summer session and students will pass the exam only if both tests result in a mark equal or above 18. The final mark is the average of the marks obtained in both tests.

Two assessment criteria are used:

An assessment of the student's theoretical knowledge, as well as their understanding and ability to draw out the main implications;

An assessment of the student's ability to translate their theoretical knowledge in an applied manner, using it to solve economic exercises independently.

The tests (both partial and single) consist in two parts. The first includes only closed-ended questions. The second consists in open questions that can also require the carrying out of simple numerical/analysis exercises, that students must solve and interpret. Students who do not reach a pass mark in the first part do not pass the test.

***NOTES AND PREREQUISITES***

Students are encouraged to visit the lecturers' personal webpage to get additional, more up-to-date information, as well as any support material available.

The course takes place in the second semester of the first year; it uses - and assumes knowledge of - the mathematical methods presented in the General Mathematics course offered in the first semester. Only students who have fulfilled Additional Learning Requirements (OFA) may take the tests.

Before being allowed to take the interim test, students may have to prove they possess the prerequisites set by the lecturers and in accordance with the procedures indicated on the lecturers' personal webpages.

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.