# Microeconomics

## **Prof. Daniele Moro**

***COURSE AIMS***

The aim of the course is to provide an appropriate training in microeconomic theory and policies especially with respect to consumer’s and firm’s behaviours and different market structures, including also potential market failures. A rigorous formal approach will be integrated with the reference to concrete examples and real events.

*LEARNING OUTCOMES*

At the end of the course, the student should be able to:

* use a rigorous logical reasoning in tackling economic problems;
* understand the main laws governing the functioning of the economy from a microeconomic perspective;
* recognise the reasons behind market failures and understand microeconomic policy interventions and their impact on agents and markets.

***COURSE CONTENT***

1. Introduction to microeconomics
2. Consumer theory

* Budget constraint (2)
* Preferences and utility functions (3, 4)
* Optimal choice of consumers (5)
* Consumer demand and market demand (6, 8, 14, 15)

1. Production theory

* Technological constraints and production functions (19)
* Optimal choices of firms (20, 21, 22)
* Firm and industry supply in perfect competition (23, 24)

1. Market

* Market equilibrium, taxes and subsidies (16)

1. Other market structures and market failures

* Monopoly and monopolistic behaviour (25, 26)
* Oligopoly (28)
* An introduction to game theory (29, 30)

1. General economic equilibrium

* Exchange economy (2x2 model) (32)
* Production economy (2x2x2 model) (32)
* Welfare (34)

***READING LIST***

H.R. Varian, *Intermediate Microeconomics – A modern approach,* 9th ed., W. W. Norton & Company, New York-London, 2014 (in the course content section for each topic chapters are reported in brackets).

Additional material on exercises will be provided during the course.

***TEACHING METHOD***

Lectures and class-exercises.

***ASSESSMENT METHOD***

The evaluation process is based on:

* 1. a written mid-term exam, at the ned of the first part of the course. Passing the mid-term exam allows to take a written final exam at the end of the course only on the second part of the course.
  2. a written final exam (for those who do not participate to the mid-term exam or do not pass it, it will be a written exam on the whole programme).

Both tests will consist of open questions and exercises (grades for each question will be reported on the exam-paper).

The main purpose of the exam is to assess reasoning ability, economic logic and analytical rigour.

***NOTES***

Office hours will be decided at the beginning of the course: further information available on the teacher's personal page <http://docenti.unicatt.it/>.