# Microeconomics

## Professor Mariacristina Piva

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

The aim of the course is to provide a graduate level of 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. Notwithstanding a rigorous formal approach, emphasis is given to the use of microeconomics to explain real economic events.

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

* Understand the main laws governing the functioning of the economy from a microeconomic perspective.
* Identify the objectives of different economic agents.
* Detect the specific characteristics of various market structures.
* Recognise the reasons behind market failures and comprehend microeconomic policy interventions.

***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, 15, 14)

1. Market

* Market equilibrium and taxes (16)

1. Production theory

* Technological constraints and production functions (18)
* Optimal choices of firms (19,20, 21)
* Firm and industry supply in perfect competition (22, 23)

1. Other market structures and market failures

* Monopoly and monopolistic behaviour (24, 25)
* Oligopoly (27)
* An introduction to game theory (28, 29)

1. General economic equilibrium

* Exchange economy (2x2 model) (31)
* Production economy (2x2x2 model) (32)

***READING LIST***

H.R. Varian, *Microeconomia,* 7a ed., Cafoscarina, Venice, 2012 (in the course content section, for each topic, chapters are reported in brackets).

M. Alborno-M. Piva, *Esercizi Svolti di Microeconomia*, Vita e Pensiero, Milan, 2007.

***TEACHING METHOD***

Lectures, exercises and class work.

***ASSESSMENT METHOD AND CRITERIA***

The final exam grade is on a 18-30 scale.

The evaluation process is based on:

1. A written mid-term exam at the end 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 contents of the second part. Each exam weights 50%.

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

1. A written final exam on the whole programme (for students who do not take the mid-term exam or do not pass it).
2. Class work participation (up to 3 additional points on the final grade, only for students attending lectures and participating to class work).

The main purpose of the exam is to assess reasoning ability and economic logic, analytical rigour and a good knowledge of the terminology adopted in microeconomics.

***NOTES AND PREREQUISITES***

Information on office hours are available on the professor's personal page at <http://docenti.unicatt.it/>

Being introductory, the teaching does not require prerequisites related to the contents. However, a certain familiarity with the tools from general mathematics and linear algebra is desirable.