

Code: SECS-P/01

Credits: 10

Matter: Principles of Economics

Main language of instruction: Italian

Other language of instruction: English

Teaching Staff

Head instructor

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Introduction

1. Objective of the course :

The course aims provides students with topics of the basic economic analysis. The course covers both microeconomics and macroeconomics topics. Consumers' and firms' behavior is analyzed, as well as their interaction within model economies. As far as macroeconomics is concerned, the analysis goes through the classical basic model of national income and the Keynesian model, the interaction between inflation and money. The transmission mechanism of economic policy in the short term is analyzed by means of the IS-LM model in a closed economy. The long-run is analyzed through the relationship between inflation and unemployment.

Objectives

2. Course Structure:

The course is divided into ten modules, developed through pre-recorded audio-video lessons which, together with slides and handouts (e-tivities), compose the study materials available on the platform.

Scheduled web-conference lessons are also available that take place during periods of teaching activity.

Interactive teaching is carried out through e-mail and chat messaging, video-conference conversations and in the "virtual classroom" forum which constitutes an asynchronous discussion space where the teacher and / or tutor identify the most significant topics and topics of the teaching and interacting with registered students. The course includes one E-tivity that, through the exercises proposed in the "virtual classroom" is aimed at applying the knowledge acquired in theory lessons to the solution of microeconomic or macroeconomic problems.

It is recommended that the study of the subject be distributed uniformly over a period of 10 weeks, averaging 25 hours of study per week.

Competencies:

At the end of the course the student will understand how individual choices are made in terms of consumption and production in different institutional frameworks. The student be able to interpret the main macroeconomic phenomena such as: aggregate demand, inflation, interest rate, unemployment, investment, private consumption. The set of information acquired constitutes the basis for understanding and deepening the studies of all economic subjects.

Through the acquired knowledge about methods of individual choice and the determination of market equilibrium in different institutional contexts, the student will be able to produce economic analyzes for the determination of the main interdependencies between economic variables, both at the microeconomic level and at the macroeconomic level.

The student will be able to identify the most appropriate economic model, among those shown in the course, to describe and interpret economic phenomena. The student will also be able to interpret the intuition of the technical and scientific literature on the topics addressed in the course.

Syllabus

3. Programme of the course:

Subject 1 - Consumer theory: Preferences, indifference curves, utility function, budget constraint, consumer balance.

Subject 2 - Theory of production: Production function, profit maximization in the short and long term, cost minimization, cost curves, supply curve.

Subject 3 - Market structures: consumer and producer surplus, perfect competition, monopoly, price discrimination.

Subject 4 - General Equilibrium: Edgeworth box, Paretian equilibrium, exchange mechanism, equilibrium prices, welfare economics theorems, general equilibrium with production.

Subject 5 - Market failures: Externality, public goods, information asymmetries.

Subject 6 - National accounting and long-term macroeconomic model: Gross domestic product, national income, inflation, unemployment rate; long-term equilibrium, allocation of income, savings and investments.

Subject 7 - The economy in the short term - The goods market: consumption function, aggregate investment function, aggregate demand in the short period, income-expenditure model, Keynesian multiplier of public expenditure.

Subject 8 - Currency, financial and political markets: financial assets, monetary base supply, monetary aggregates, deposit multiplier, money market, LM curve.

Subject 9 - The short-term macroeconomic model (IS-LM) and the aggregate demand curve: macroeconomic equilibrium, equilibrium stability, effectiveness of fiscal and monetary economic policies, the macroeconomic aggregate demand curve.

Subject 10 - Unemployment and inflation: labor market balance, structural unemployment rate, aggregate macroeconomic supply curve, AS-AD model , short-to-long-term adjustment, expectation-augmented Phillips curve.

Evaluation system and criteria

The exam consists in an oral or written test aimed at ascertaining the knowledge of the subject, as well as the skills of analysis and re-elaboration of the acquired concepts. Subject of discussion, both in oral and written, may be the topics of theory as well as economic phenomena actually manifested, described by time series of data or with another methodology suitable to represent them.

The oral exam consists of an interview aimed at ascertaining the student's level of preparation.

The written test includes an extended-text question and 20 single-choice questions. The extended-text question, to be solved with a concise and synthetic essay, is assigned a maximum score of 10 points based on the teacher's verification of the expected learning outcomes. Single-choice questions must be answered by indicating the only correct answer among 4, one point is assigned for each correct answer.

Bibliography and resources

4. Materials to consult:

Chapters provided by the teacher. Video lessons.

5. Recommended bibliography:

- Intermediate Microeconomics: a modern approach. By Hal R. Varian, W. W. Norton & Company, 2014.
- Macroeconomics: a European perspective. By Olivier Blanchard, Alessia Amighini and Francesco Giavazzi, Pearson (3rd edition) 2017.