

ECONOMICS

COURSE DESCRIPTION

The purpose of this course is to provide the student with the theoretical framework and the basic tools needed to understand and to give a critical assessment of the behavior of economic agents (consumers, producers, institutions) in a market economy, both in a microeconomic and in a macroeconomic perspective. This allows to better understand the economic context and to make appropriate economic decisions. This introduction to Economics provides a useful basis for a number of other courses, also in different subjects, in which economic choices by firms, consumers, policy-makers are discussed.

The first part of the course deals with Microeconomics, that is the study of individual economic behavior of consumers and firms, and how they determine the market equilibrium under different forms of competition. This part Is based on online open access course given at MIT (USA) by prof. Jonathan Gruber and adapted by the course faculty.

The second part of the course covers the basics of Macroeconomics, that is the study of the determinants of a country's Gross Domestic Product, employment and income as whole, and of the fluctuations experienced by economic systems. This part of the course deals also with the economic policies, both fiscal and monetary policies, that can be put in place to influence the overall economic equilibrium of a country.

WEEK 1 - SUPPLY AND DEMAND

1.1. APPLYING SUPPLY AND DEMAND

Overview of Supply and Demand Impact of a Demand Shift Impact of a Supply Shift

1.2. ELASTICITY

The Elasticity of Supply and Demand

WEEK 2 - CONSUMER THEORY

2.1. PREFERENCES AND UTILITY

Introduction to Consumer Theory Consumer Preference Assumptions Properties of indifference curves Utility Functions Marginal Utility Marginal Rate of Substitution

2.2. BUDGET CONSTRAINTS

Budget Constraints and the Marginal Rate of Transformation Shocking the Budget Constraint Constrained Utility Maximization: Graphical Analysis Constrained Utility Maximization: Mathematical Derivation

2.3. DERIVING DEMAND CURVES

Drawing Demand Curves

WEEK 3 - PRODUCER THEORY

3.1. INTRODUCTION TO PRODUCER THEORY

Firm Production Functions Short Run Production and Diminishing Marginal Product Long Run Production and the Marginal Rate of Technical Substitution Returns to Scale

3.2. PRODUCTION THEORY

Productivity Introduction to Costs and Short Run Costs Long Run Costs

WEEK 4 - COMPETITION

4.1. COMPETITION - PART 1

Introduction to Perfect Competition Firm Demand vs. Market Demand Short Run Profit Maximization in a Competitive Market Short Run Shutdown Decisions - Part 1 Short Run Shutdown Decisions - Part 2

4.2. COMPETITION - PART 2

Determining Short Run Market Equilibrium Long Run Market Equilibrium: Firm Entry and Exit Long Run Market Supply Curve with Perfect Competition

WEEK 5 - MONOPOLY AND OLIGOPOLY

5.1. MONOPOLY

Marginal Revenue for a Monopolistic Firm Elasticity and Marginal Revenue Profit Maximization and Shutdown Conditions Market Power Welfare Effects of Monopoly

5.2. OLIGOPOLY

Types of Oligopolies Cournot Competition

WEEK 6 - MACROECONOMICS

6.1. INTRODUCTION TO MACROECONOMICS

Introduction to macroeconomics Gross Domestic Product

6.2. MACROECONOMICS MODELS AND POLICIES

Equilibrium in macroeconomics AD-AS equilibrium - Part 1 Equilibrium in macroeconomics AD-AS equilibrium - Part 2 Role of macroeconomic policies

6.3. FISCAL POLICIES

Fiscal policy: goals Fiscal policy: instruments Is austerity always the best policy? Analysis of recent fiscal policy example and implications

6.4. MONETARY POLICIES

Monetary policy: goals Monetary policy: instruments Is austerity always the best policy? Analysis of recent monetary policy example and implications