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Principles of economics

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Course aims and intended learning outcomes

The course, taught in English aims at providing students with basic tools and methods useful to understand economic phenomena from a twofold perspective; consequently the course is divided in two Modules: Microeconomics (Instructor: Prof. Mario A. Maggioni) and Macroeconomics (Instructor: Prof. Simona Beretta).

As far as Microeconomics is concerned the course deals with the behaviour of consumers, firms and the functioning of markets looking at what determines demand and supply for a given good; how the price mechanism transmits information between consumers and producers; how prices act as incentives for individual decisions; whether markets are always effective and efficient institutions for the allocation of resources.

As far as Macroeconomics is concerned the course examines national output and its rate of growth; national employment and unemployment; the determinants of aggregate demand and supply and the country's level of prices and rate of inflation; the country's foreign trade and its economic relationships with other countries.

Intended Learning Outcomes (knowledge and understanding)

At the end of the course, by attending lectures and classes and by devoting time to study both individually and in small groups, the student will be able to understand the basic principles of economic analysis.

In particular, for the Microeconomics Module, the student will master the concepts of: budget constraint, preferences and consumer optimal choice; costs, revenues and profits, to identify the main market structures: perfect competition, monopoly and oligopoly; to critically assess the power and limits of the market as an allocative device and institution.

For the Macroeconomics Module, the student will master the concepts of stocks and flows in national accounting, nominal and real variables, equilibrium and disequilibrium unemployment, short run and long macroeconomic equilibrium, expectations and wage – price determination.

Intended Learning Outcomes (applying knowledge and understanding)

At the end of the course, by attending lectures and classes and by devoting time to study both individually and in small groups, the student will be able to handle the basic principles of economic analysis, answer plain theoretical questions, find a graphical a/o numerical solution to simple exercises, recognise the economic principle and logic behind real word examples and use the acquired knowledge to interpret reality and discuss the effect of possible economic policies.

Course content

FIRST MODULE: Microeconomics (first term)

Part A: *Introducing Economics.*

Part B: *Foundation of Microeconomics.*

- Supply and Demand.
- Government Intervention in the Market.

Part C: *Microeconomics.*

- Background to Demand.
- Background to Supply.
- Profit Maximising under Perfect Competition and Monopoly.
- Profit Maximising under Imperfect Competition.



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- Alternative Theories of the Firm.
- The Theory of Distribution of Income.
- Inequality, Poverty and Policies to Redistribute Incomes.
- Markets, Efficiency and the Public Interest.
- Applied Microeconomics.

SECOND MODULE: Macroeconomics (second term)

Part D: Foundations of Macroeconomics.

- The National Economy and the Rest of the World.
- Macroeconomic Issues and Analysis: an Overview.

Part E: Macroeconomics:

- National Accounting: Macro-actors and their Interdependence.
- Measuring Unemployment and Inflation.
- International Trade, Balance of payments and Exchange Rates.
- Short-run Macroeconomic Equilibrium.
- Banking, Money and Interest Rates.
- The Relationship between the Money and Goods Markets.
- Aggregate Supply, Unemployment and Inflation.
- Fiscal and Monetary Policy.
- Macroeconomic issues: current debates and controversies.

Reading list

Lecture notes and class notes (both available on Blackboard).

J. SLOMAN-A. WRIDE-D. GARRAT, Economics, Pearson, Milano, 2014, 9th edition. Required chapters: 1-12 for the first term; 14-21 for the second term.

Teaching method

Lectures and classes.

Assessment method and criteria

Exams are administered in 2 alternative ways:

Two Intermediate (partial) Examinations

the first (MICRO) to be held in January, the second MACRO to be held in (May/June)

Exact dates will be posted on Blackboard in due time

Each examination is based on a written paper, with 45 minutes time for answering. Student's competence and knowledge will be assessed through multiple choice questions, open questions and exercises.

Students who passed both MICRO or MACRO must enrol on line to one of the "Appelli" within the 2018 summer session (ENDING IN JULY 2020) in order to have their final mark officially registered in their career.

Students who passed either MICRO or MACRO: must take the missing part by enrolling on line to one of the "Appelli" within the 2019 summer session (ENDING IN JULY 2020).



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Oral exam is not compulsory; students may ask for an oral exam, that can improve or worsen the grade received on the written test. Teachers may also invite students, with a grade slightly below “pass” level, to sit a oral exam.

One (total) Examinations during official dates (appelli ufficiali)

Exact dates will be displayed on the Instructors’ websites and on students’ I-catt portal

Each examination is based on 1 written paper (covering both MICRO and MACRO) , with 90 minutes time for answering both parts. Student’s competence and knowledge will be assessed through multiple choice questions, open questions and exercises.

Students must enrol on line to one of the “Appelli” in order to be able to sit the exam.

Results will be published on Blackboard on the same day of (or one day after) the written exam. Timing is dependent on the number of enrolled students to any given “Appello”. Exact info will be given during the written examination

Oral exam is not compulsory; students may ask for an oral exam, that can improve or worsen the grade received on the written test. Teachers may also invite students, with a grade slightly below “pass” level, to sit a oral exam.

Exams are always administered through written papers, each part (Micro a/o Macro) being composed by 5 multiple choice questions (accounting for 30% of the final mark) and 3 open questions (accounting for 70% of the final mark). The final score will be expressed out of thirty points and will take account of the student’s level of understanding, knowledge, use of the appropriate tools and ability to discuss themes and topics covered in lectures.

Notes and prerequisites

Economics courses require - as a prerequisite - a deep understanding of the inner logic of the subject matter, unlike other courses where the mnemonic component of learning predominates, For this reason, we recommend students attend lectures and tutorials (which form part of the course), progressively study the materials covered in class during the semester, and complete the exercises proposed for individual and small groups study, in order to verify their own level of understanding of the subject.

The Blackboard platform provides the main online communication tool between lecturers and students and the repository for didactic materials made available after lectures. It is recommended the student to be familiar with the basic notions of algebra which will be also covered in a set of ad hoc classes at the beginning of the course

Students are welcome to contact Prof. Mario A. Maggioni at DISEIS - Dipartimento di Economia Internazionale, delle Istituzioni e dello Sviluppo (Via Necchi 5, fifth floor, room 511. Weekly “question time” is usually every Monday (16.30 - 18.00); exceptions are signalled in advance on the lecturer’s webpage. The Instructor is also generally available for short conversations in the classroom at the end of all lectures.

Students are welcome to contact Prof. Simona Beretta at DISEIS - Dipartimento di Economia Internazionale, delle Istituzioni e dello Sviluppo (Via Necchi 5, fifth floor, room 509). Weekly “question time” is usually every Wednesday (11-13); exceptions are signalled in advance on the lecturer's webpage. The Instructor is also generally available for short conversations in the classroom at the end of all lectures.