



UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Economics of Financial Contracts

2021-1-F1601M054-F1601M060M

Learning objectives

The course provides the student with the knowledge required to understand the efficiency and distributional implications of a firm's financial structure.

Contents

- 1) Theories of the firm
- 2) Theories of the financial structure
- 3) Corporate Control
- 4) Product Market competition and financial structure

Detailed program

- 1) Theories of the firm:
 - a) Moral Hazard and Vertical Integration
 - b) The Transaction Costs approach

- c) Property Rights Theory of the Firm
- 2) Theories of the financial structure:
 - a) Irrelevance theorems
 - b) Asymmetric Information and Financial Structure
 - c) Private Benefits and Financial Structure
 - d) Incomplete contracts and the allocation of control residual rights: the debt contract
- 3) Corporate Control
 - a) The hostile takeover
 - b) Voting rights and the value of the firm
- 4) Product Market competition and financial structure

Prerequisites

Introductory microeconomics

Teaching methods

Since classes are in the second semester, we expect to hold lectures in presence.

Assessment methods

The final exam is in two parts:

- a) an essay submitted by the student one week before sitting the second part of the exam; the essay mark counts for 30% of the final mark
- b) a 3-question written exam; its mark counts for 70% of the final mark. Only students with an essay mark equal or above 18/30 are admitted to the written exam.

Textbooks and Reading Materials

-Hart, O. (1995), Firms, Contracts and Financial Structure, OUP

- Tirole, J. (2005), The Theory of Corporate Finance, Princeton University Press

- Lectures notes available on the Unimib Elearning platform

Semester

II semester

Teaching language

Italiano
