UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Economics of Financial Contracts

2122-1-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

Classes will be held in presence and according to the rules the University will set for the a.y. 2021-22.

Assessment methods

The final exam is a 6-question 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

Italian