UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Economics of Financial Contracts

2425-1-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
5. Approfondimenti

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

5. Topics

a) Family control

b) Start-up financing

Prerequisites

Introductory microeconomics

Teaching methods

Classes will be held in presence and in instructional delivery mode.

Assessment methods

The test is written and consists of two parts.
Part 1 of the test paper consists of four questions, aimed to assess the student's ability to apply the knowledge acquired in class to specific economic situations (problem solving). The answer to questions from this part of the test paper must be concise. Part 2 of the test paper consists of two questions, aimed to assess the student's knowledge and understanding of the topics and models covered in class.
A correct answer to a question from part 1 carries 4 points; a correct answer to a question from part 2 carries 8 points. The test lasts 90 minutes.

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

Sustainable Development Goals

DECENT WORK AND ECONOMIC GROWTH | INDUSTRY, INNOVATION AND INFRASTRUCTURE