



UNIVERSITÀ  
DEGLI STUDI DI MILANO-BICOCCA

## COURSE SYLLABUS

### Economics of Financial Contracts

2425-1-F1601M054-F1601M060M

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#### 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

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