



TOR VERGATA
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Microeconomics: let's start





analyzing,
predicting
and
evaluating*

individual Choice

(theory of...)

given a legislative,
regulatory, social and
moral contexts where
they (the individuals
and/or the organizations
with members with a
common goal) interact
with other individuals
and/or
organizations**

* with respect to an
ideal outcome

** not
Macroeconomics!



Recognize him?

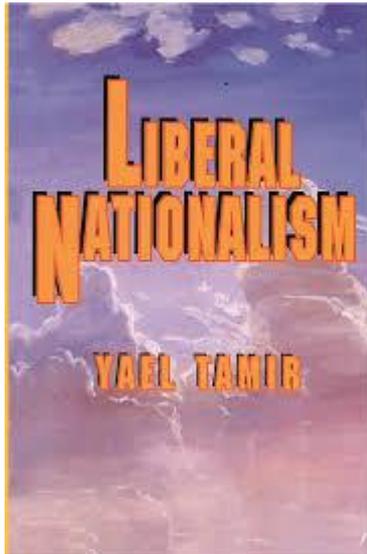


“we do not **choose** at all. Destiny chooses. And the wisdom is to show yourself worthy of its choice, whatever that may be”.

Romain Rolland!



**And then no
microeconomics!**



the **choice** of **where to belong** is not only impossible but also that «elsewhere» any choice is impossible: (for them, the nationalists), «by **nature**, individuals are members of particular human communities. Outside such communities they cannot develop a language and a culture, **or set themselves aims** ... Being situated, adhering to a particular tradition, and being intimate with a particular language, could therefore be seen as **preconditions** of personal autonomy».



"**distinguishing between** several people or things to ... **take** that one that seems **best** to us".

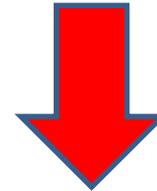
Capacity to distinguish?
Illusion of disitinguishing?



"**distinguishing between** several people or things to ... **take** that one that seems **best** to us".



Gain, Benefit



Cost, Loss

To have a goal



Scarcity of resources!



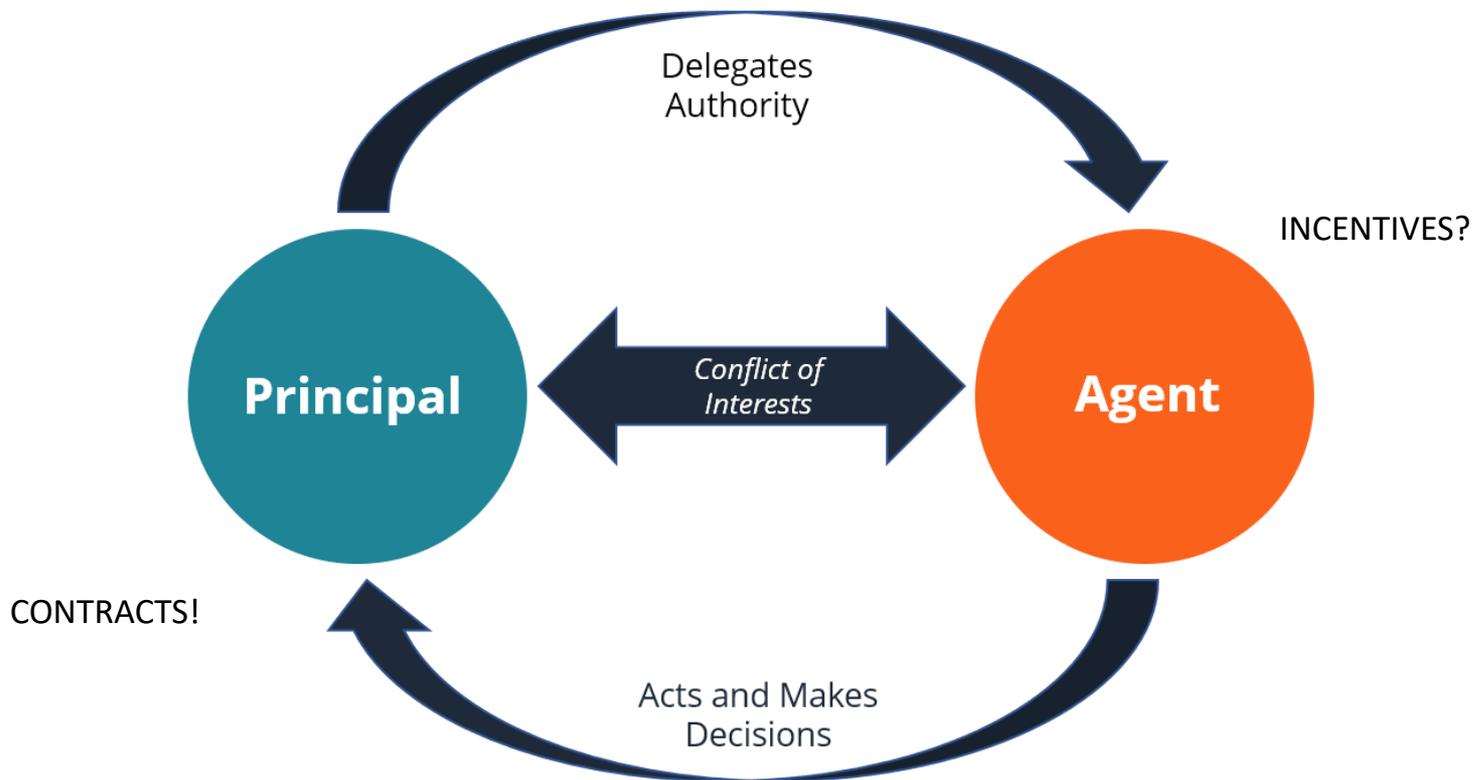
Infinite abundance?
No microeconomics



Scarcity of resources! And...



the satisfaction of needs or goals in
the presence of a scarcity of
resources poses a problem of
microeconomic choice





Want to Know how to Can Choose



«not to choose is
however a choice»



A man who rebels,
«refuses, does not
renounce: he is also a
man that says yes ... to
the existence of a
boundary» that cannot
be crossed.





We therefore end up being often interested in the problem of individual choice in institutional situations that allow **freedom of decision** between different alternatives, in order to achieve **satisfaction of needs** in the presence of scarcity of resources.

Institutions, preferences, resources: the three cornerstones of microeconomics that lie, more or less covertly, behind all our analyzes.



A (999) or B (1)?



A PREFERRED TO B?

Global Justice

Vilfredo Pareto



Analyzing, predicting and judging
in the most effective way the
choices of certain **individual** agents
potentially operating in a **market**
regime: in particular, the
entrepreneur or the producer and
its **counterparts**.



A market is a meeting place (virtual too) where you can exchange a certain commodity or service with other individuals for **something else in return**



A market is a meeting place (virtual too) where you can **voluntarily** exchange a certain commodity or service with other individuals for **something else in return**



Boundaries to the market...

... Are Appropriate

Voluntary exchange?

The object and the subjects of the exchange
may suffer from it?

Asymmetric information?

... Not appropriate

Excessive rules?

Gangmaster: “A person who organizes and oversees the work of casual manual labourers”.

Illegal gangmaster trade.

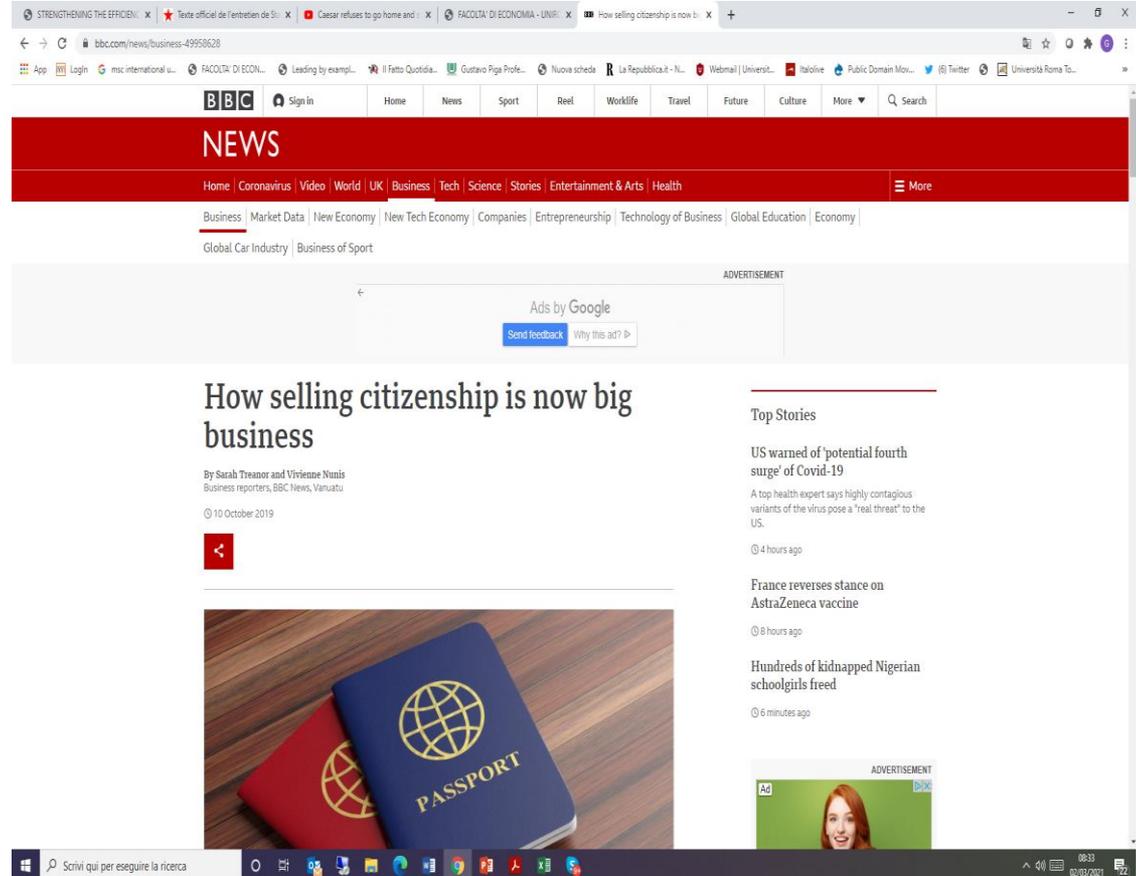
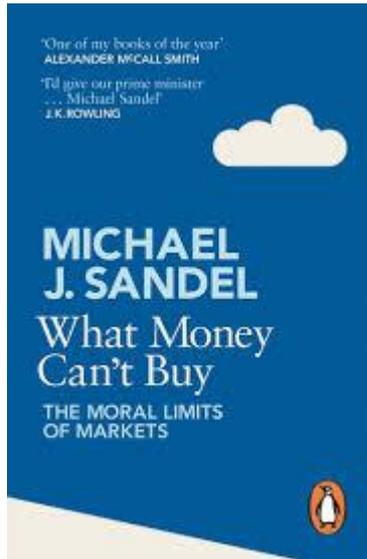
Italian Law n. 199/2016 on IGT

Today, anyone who recruits labor for the purpose of assigning it to work for third parties in conditions of exploitation, **taking advantage of the state of need of the workers**, is liable for illicit intermediation, regardless of the form - organized or not - of the intermediation activity carried out and regardless of the ways in which the exploitation has concretely manifested itself

.According to the new legislation, exploitation can be configured in the presence of one or more of the following conditions:- repeated payment of wages in a manner that is clearly inconsistent with national or regional collective agreements stipulated by the most representative national trade unions, **or in any case disproportionate to the quantity and quality of the work performed**;- the repeated violation of the regulations regarding working hours, rest periods, weekly rest, compulsory leave, holidays;- the existence of violations of the regulations regarding safety and hygiene in the workplace;- subjecting the worker to degrading working conditions, surveillance methods or housing situations.T

he crime of gangmaster is punished with imprisonment from one to six years and a fine from 500 to 1000 euros for each worker recruited. The imprisonment can reach eight years if some form of violence or threat is used.





The screenshot shows a web browser window with the URL [bbc.com/news/business-49958628](https://www.bbc.com/news/business-49958628). The page is the BBC News website, displaying an article titled "How selling citizenship is now big business" by Sarah Treanor and Vivienne Nmais, published on 10 October 2019. The article features a photograph of two passports, one red and one blue, with a globe logo and the word "PASSPORT" on the blue one. The article is categorized under "Business" and "Market Data". To the right of the article, there is a "Top Stories" section with three items: "US warned of 'potential fourth surge' of Covid-19", "France reverses stance on AstraZeneca vaccine", and "Hundreds of kidnapped Nigerian schoolgirls freed". The browser's taskbar at the bottom shows the Windows logo, a search bar, and various application icons. The system tray on the right shows the time as 08:33 on 02/03/2021.



Inequality-enhancing?

Corruption-creating?

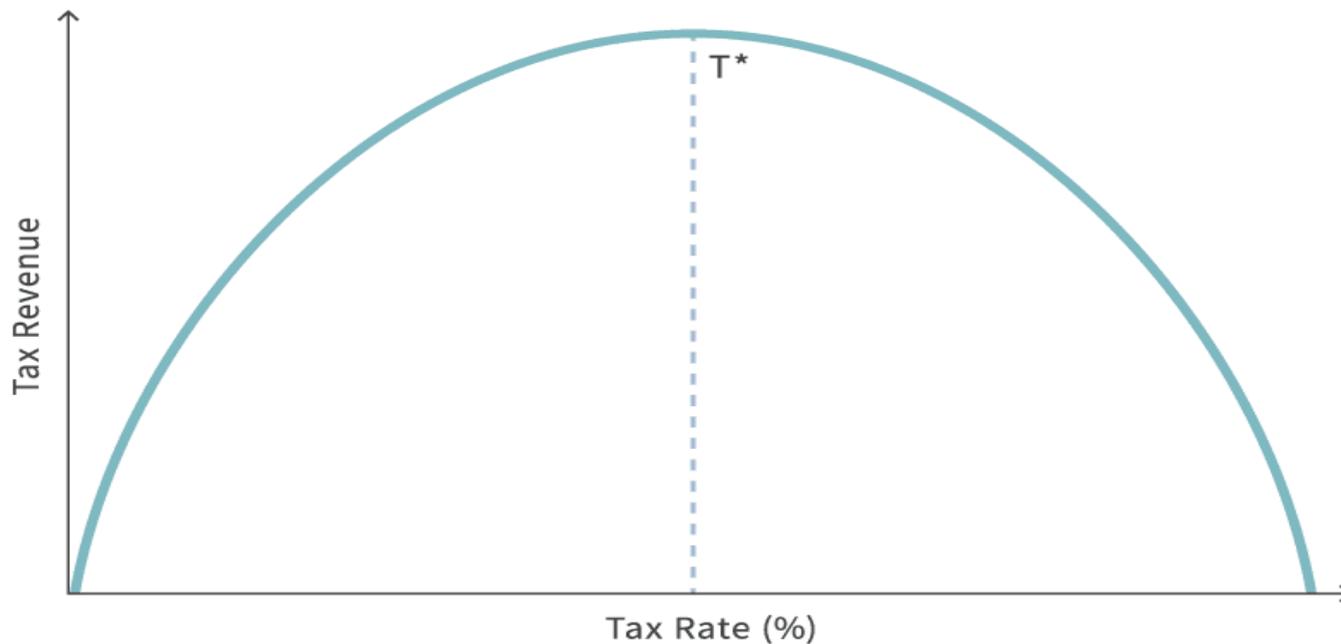
Coercive?







The Laffer Curve





**Which allow markets to thrive
when they ... deserve it**



A given market for goods and services may be characterized by a different degree of **contractual strength** of the counterparties operating there. The concept of **market regime** identifies the contractual strength of its participants



Perfect Competition

Monopoly

Oligopoly

Bilateral Monopoly

Perfect Competition or Monopoly?



	?	?
Entrepreneur		
Consumer		

Perfect Competition or Monopoly?



	?	?
Entrepreneur		
Consumer		

A large red 'X' is drawn over the intersection of the Entrepreneur and Consumer rows, indicating a contradiction or a state that does not exist.

Perfect Competition or Monopoly?



	?	?
Entrepreneur		
Consumer		

Perfect Competition or Monopoly?



	Monopoly	Perfect Competition
Entrepreneur		
Consumer		

Perfect Competition or Monopoly?



Society	😊 or 😐 ?	😊 or 😐 ?
	Monopoly	Perfect Competition
Entrepreneur	😊	😊
Consumer	😊	😊

Perfect Competition or Monopoly?



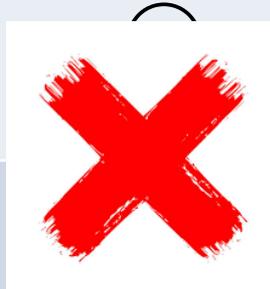
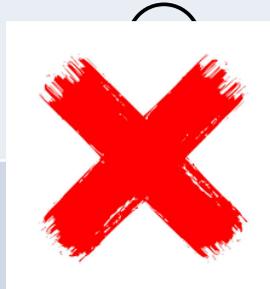
Society		
	Monopoly	Perfect Competition
Entrepreneur		
Consumer		



	Perfect Competition	Monopoly
Entrepreneur		
Consumer		

A red arrow points from the Entrepreneur's smiley face in Perfect Competition to the Entrepreneur's smiley face in Monopoly. A green arrow points from the Consumer's smiley face in Monopoly to the Consumer's smiley face in Perfect Competition.



	Uncertainty	Fraud/Misleading Information/Coercion
Party 1		
Party 2		



**Which allow markets to thrive
when they ... deserve it**



Lack of proper information



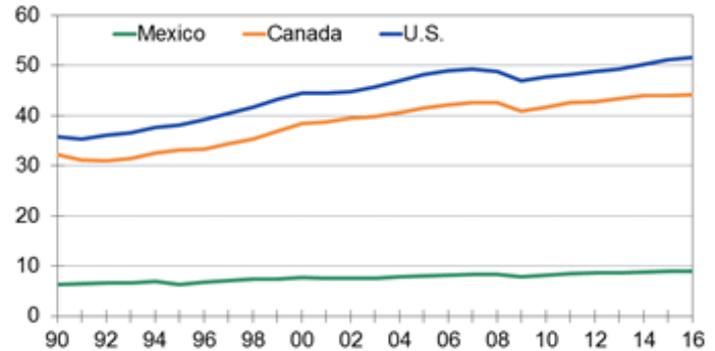


Protection?



Gap in Per Capita Incomes Grows Larger

GDP per capita, 2009 \$



Sources: BEA, INEGI, Statcan, Moody's Analytics



By property rights we mean the rules that determine the allocation of property. This allocation rule is necessary because: a) individuals have different views on what to do with "things" and b) resources are scarce.

One way to solve this problem is allowing for the prevalence of physical force. It is an expensive method which, as David Friedman says, only " children and great nations" use, p. 4, The Machine of Freedom.

We therefore prefer a set of rules for the use of these things.

If every "thing" is used by an individual who has the power to transfer its use to another individual we speak of private property (typically via exchange or donations or inheritances). The public property foresees that the user is the political institution that uses it for its purposes, imposing a common goal for all for the use of such "things".



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Indonesia justice: Foreign tourists in Gili island 'walk of shame'

© 21 December 2019



It is not clear whether those paraded admitted any guilt.

Last week photos surfaced of two unidentified Western tourists being paraded around an Indonesian island in a 'walk of shame' for alleged theft.

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How do we make

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Why is it done?

The police do not have a permanent presence on the tiny islands of Gili. Transangan, Gili Meno or Gili Air. Instead, private security officers guard the islands, with support from mainland police when necessary. Most of the guards in the latest parade appear to be private, although at least one appears to be wearing a police uniform.

"Since there is no police enforcement on our little tropical paradise island, we have our own rules for thieves. If someone gets caught stealing, he or she has to parade around the island," Karina, from the island's Facebook page, told the BBC. "Later on the person will get banned from the island and is not allowed to return for a few years."

"It is to make people aware that they cannot visit a foreign country and take what they want without consequences," she added, echoing a widespread sentiment on the islands that the practice is both fair and effective.

"I never heard that someone was accused wrongly for a walk of shame".

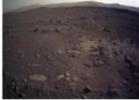


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How can we make washing machines last?



Shunning images from Nasa's Perseverance rover



Why many in Russia are reluctant to have vaccine



EBC Future: Can physics prove God's existence?



<https://www.bbc.com/news/world-asia-38325452>



This article is more than 6 months old

TripAdvisor is failing to stop fake hotel reviews, says Which?

Analysis of 250,000 reviews for top-rated hotels finds one in seven with 'hallmarks' of fakes



▲ Old Cairo, Egypt. At the 'best hotel in Cairo', according to TripAdvisor's rankings, 79% of five-star reviews were

Which? (consumer organization) Travel's Naomi Leach said: "TripAdvisor's failure to stop fake reviews and take strong action against hotels that abuse the system risks misleading millions of travellers and potentially ruining their holidays. Sites like TripAdvisor must do more to ensure the information on their platforms is reliable, and if they continue to fall short they should be compelled to make changes so holidaymakers are no longer at risk of being duped by a flood of fake reviews."



enjoy two particular characteristics: they are 1) **non-excludable**, that is, they do not allow the buyer, when consuming it, to potentially exclude others from enjoying their benefits too and 2) they are also **non-rival**, that is, they do not allow those who consume them to reduce the consumption others (as instead happens for the consumption of an apple!).

Club goods



Common goods



Pure public goods



E
NR

NE
R

NE
NR



Public Sector Private Sector	YES	NO
YES	Market economy (prevalent worldwide)	Pure market economy Incentive to produce public goods? Property rights enforcement? Incentives to exchange?
NO	Planned economy Incentive to produce properly (what and how much?)?	Banditism and Prevarication



1) In the market for consumer goods, as "consumers." In this market, entrepreneurs (or producers), we will express a desire to supply goods and consumers express a desire to demand those same goods.



2) the market of production services, as "production factors". This is the name we give to those counterparties who make available, by offering them to the entrepreneur, their own resources to help create the product that will be sold by the entrepreneur (or producer): workers, holders of land or of goods totally or partially consumed for the production of other goods (called either intermediate goods and capital goods).

In this market, entrepreneurs (or producers) will express a desire to demand productive factors aimed at obtaining resources to produce and the productive factors themselves will instead express a desire to offer their productive services.



**From desire to exchange? Mutually
compatible? At what prices? How much?
With which joy?**