

ECON 203

Intermediate Microeconomics

Remote mode

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What to expect from this course

What NOT to expect:



- notions to be learned by heart.
- 'iron' laws that apply to all contexts.
- ready-made answers to economic questions.

What to actually expect:



- Basic **tools** to analyze and discuss (micro)economic issues.
- Learn the **language of economics** & its key concepts.
- Learn to form **your own informed opinion** on economic issues.

What is economics about?

What are the most pressing problems that economists should be addressing?



Student replies to the question "What is the most pressing problem economists should be addressing?" from CORE Project

(<https://www.core-econ.org/>)

What is economics about?

“[W]e are setting ourselves seriously to inquire whether .. there need be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life, while they themselves are prevented by their poverty and toil from having any share or part in that life. ...

[T]he answer depends in a great measure upon facts and inferences, which are within the province of economics; and this is it which gives to economic studies their chief and their highest interest.”

A. Marshall, *Principles of Economics* (1890)

What to expect from this course

how to coordinate the activities of free individuals, each seeking their own ends, so as to achieve socially desirable results?

- game theory
- real-world issues that we care about
 - create & share economic well-being;
 - climate change;
 - Covid 19
 - unemployment
 - firms' market power...

What to expect from this course

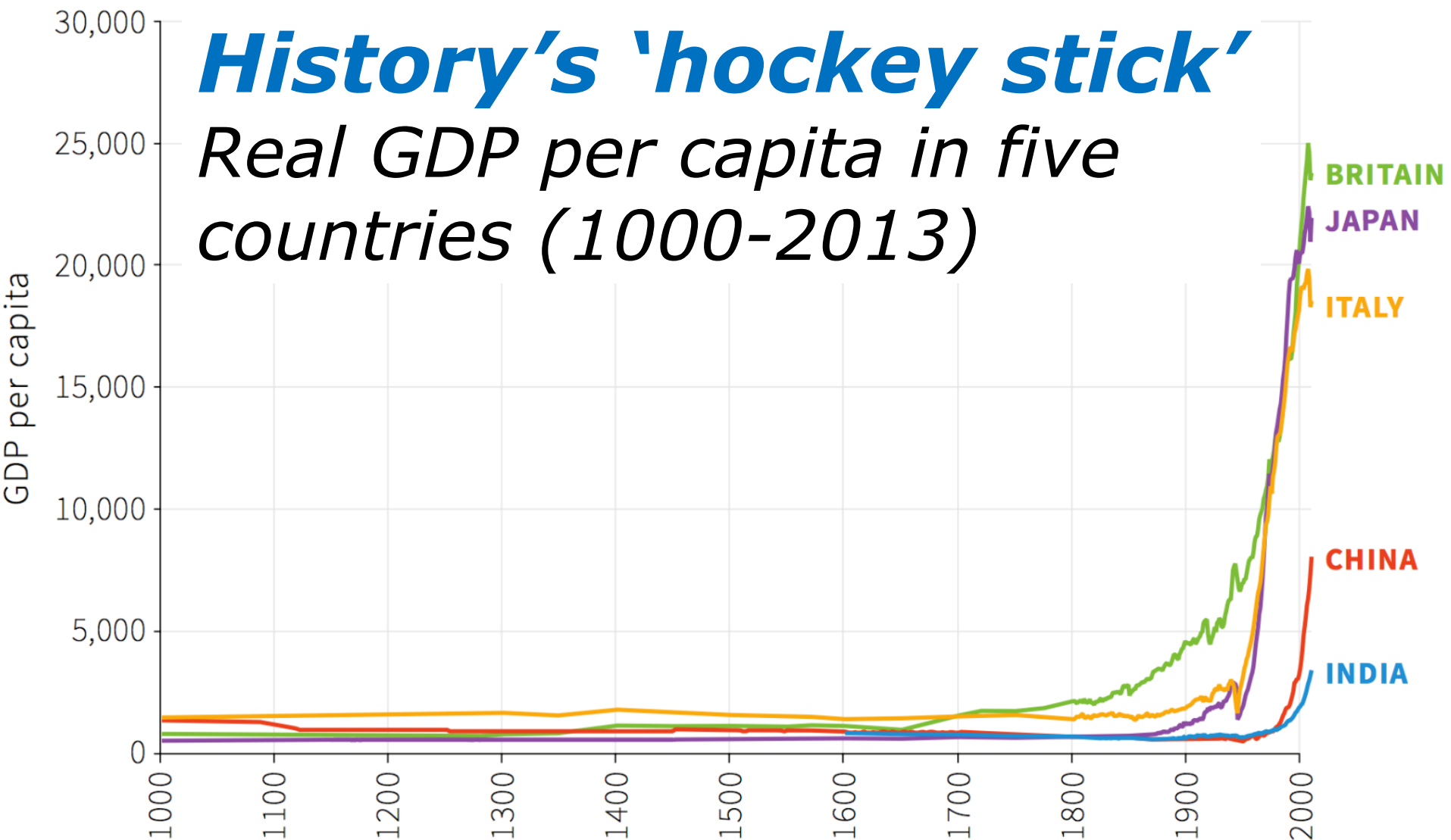
some ideas we will explore (1/2):

- How do economic agents - people, firms, communities and governments – make choices?
- How do individual choices interact to produce economy-wide outcomes?
- How can we use experiments to investigate how people make economic decisions?

What to expect from this course

some ideas we will explore (2/2):

- Why we tend to over-exploit natural resources? Why we produce too much pollution?
- What benefits are generated by trade? Who gets them?
- How does the labor market work? What determines the wage level? Why is there unemployment?



Source: CORE Project
(www.core-econ.org)

History's 'hockey stick'

Real GDP per capita in five countries (1000-2013)

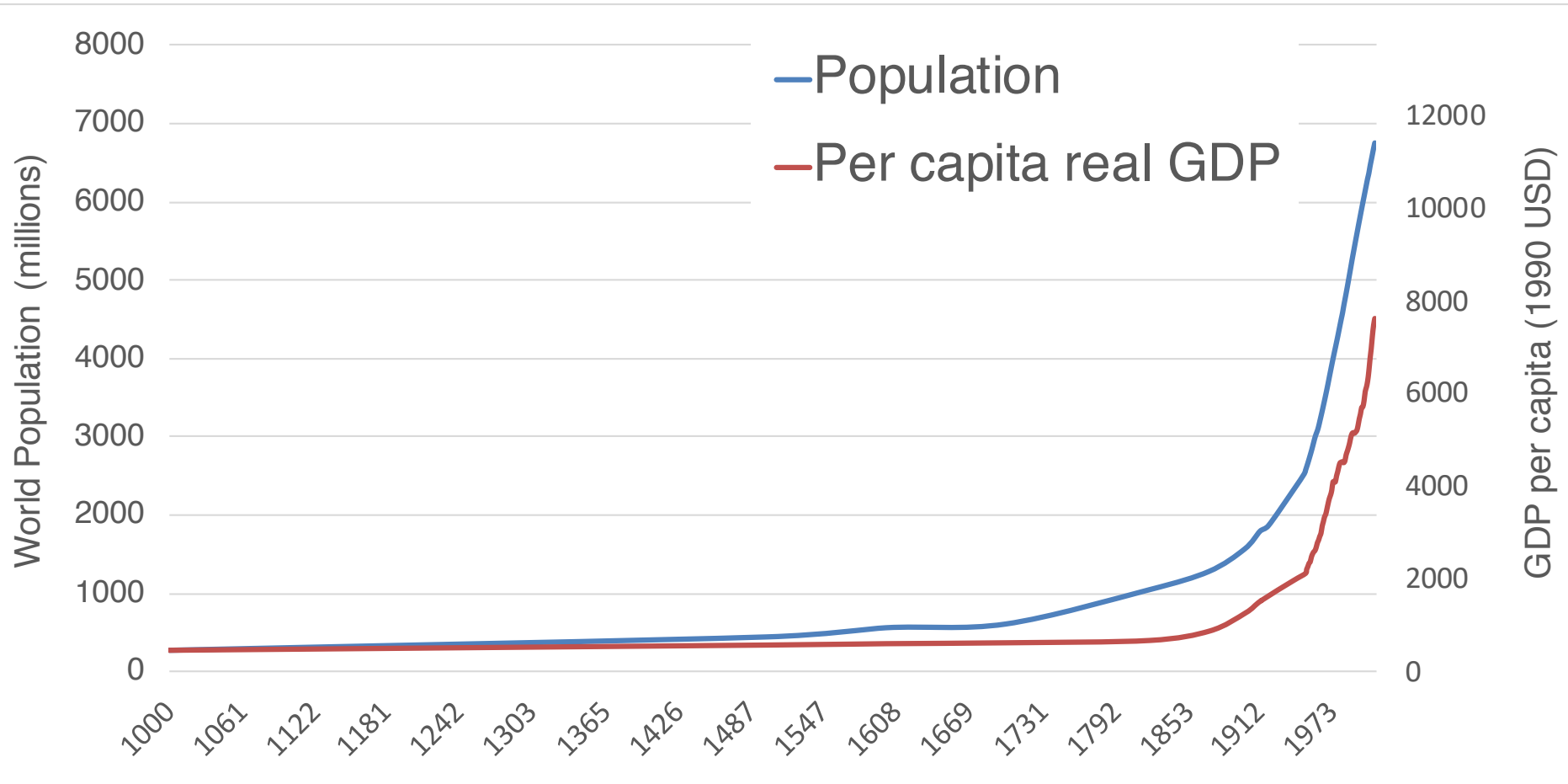
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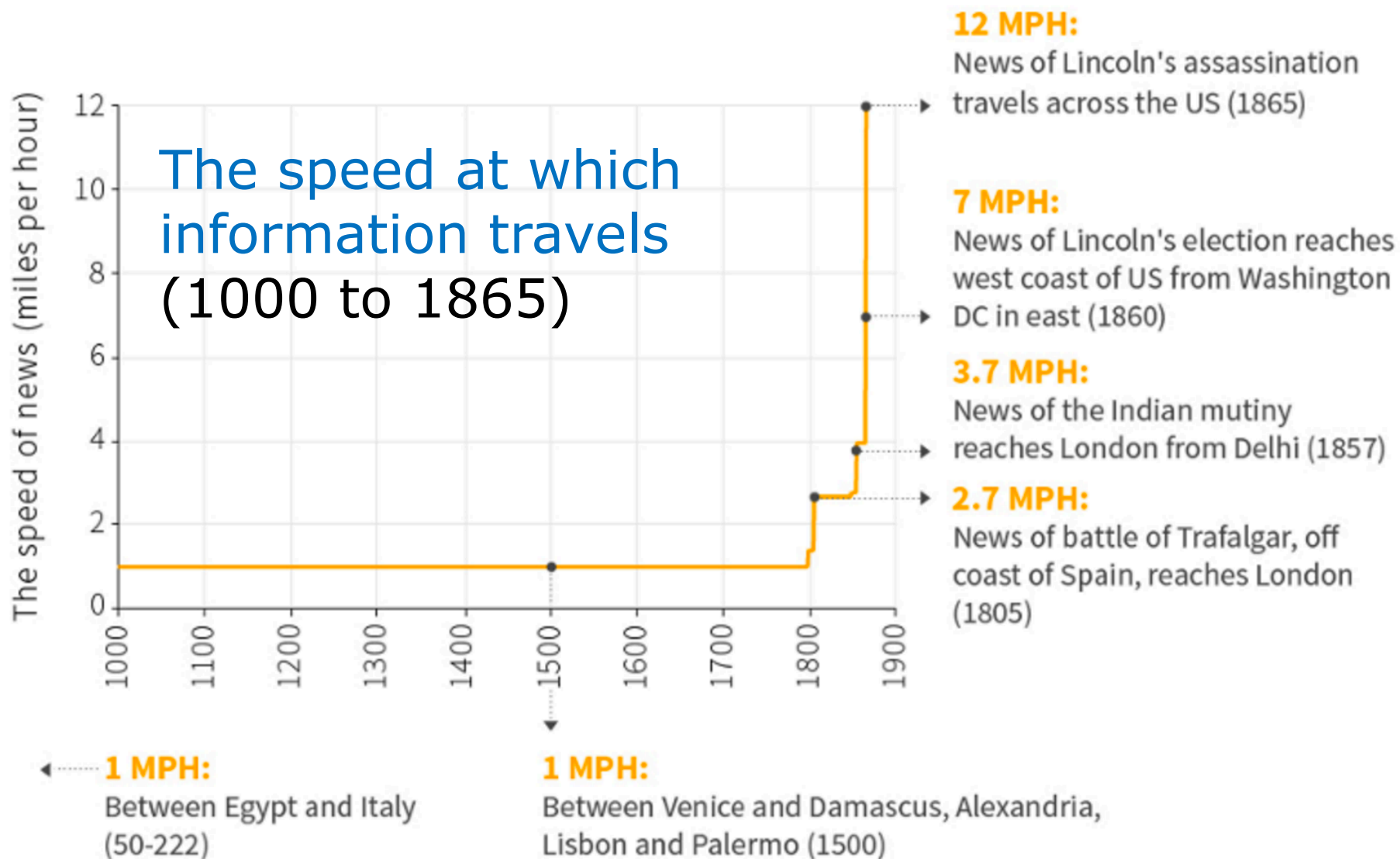


- Capitalism --> industrial revolution --> economic growth.
- **Great increase** in production and average living standards.
- **Economic growth** took off at different times in different countries - in some it hasn't taken off at all (at least yet).
- Great increase in **inequality** across countries and *within* countries.

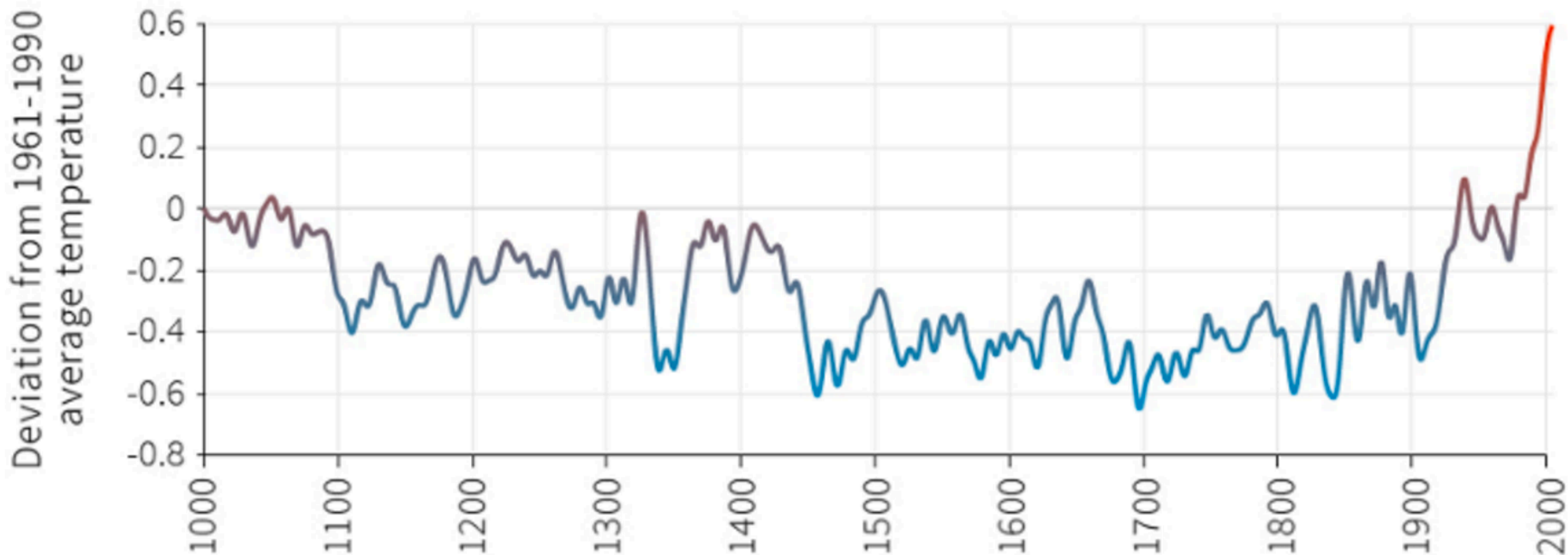
The population 'hockey stick'

World population (in millions; 1000-2010)





[this is calculated by comparing the known date of a historical event with the date in which the event was first noted in other locations (in diaries, books, newspapers)]



The “temperature’s hockey stick”

A tendency for the Earth to warm-up has been triggered since the emergence of capitalism and the industrial revolution that followed

Economics & Capitalism

- **Capitalism**: a set of institutions that organize production, exchange and distribution.
- **Institutions**: the “rules of the game” that govern people’s behavior:
laws, social norms, organizations.
- The three key institutions of capitalism:
private property; markets; firms.
- **Economics** was born with capitalism, trying to understand how capitalism transforms society, and how we can make it work better.
- Still true today

Coming up next...

- “Intro to course organization” video.
- **1st Reading:** Preface & Chapter 1
 - *due Tuesday Feb 9 before ‘class’.*
- **First reading-based quiz**
 - *due Tuesday Feb 9.*
- **1st take-home assignment**
 - *due Sep 26 before class.*