

**ECON 103H - Introduction to Microeconomics**  
**Fall 2021**

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**Office Hours** : TuTh 8:30am-9:30am  
**Lectures** : TuTh 11:30am - 12:45pm

### **COURSE DESCRIPTION**

This course provides you an introduction to how the economy governs the way people interact with each other and with our natural environments in producing the goods and services on which we live. Throughout, we start with big problems and questions from history and current affairs and then learn about economic tools and models that contribute to an answer. Note that this pedagogy is flipping the convention in economics texts—where the models are introduced first with a promise that the models will later be applied to economic problems in the real world—on its head. This is following the shift pioneered by the CORE team, the collaborators of our textbook. As summarized by the team, this course will teach you to be economists: i) start with a question, and look at the evidence; ii) build a model that helps you understand what you see; iii) critically evaluate the model: does it provide insight into the question, and explain the evidence?

Visit <https://www.core-econ.org> to read more about how “economics for a changing world” came to life, and to access the textbook and resources (see below).

Here’s a list of some of the ideas that we will go through during the course:

- How do agents – people, firms, communities and governments – make choices? What economic & social outcomes should we expect as a result of these choices?
- When does the pursuit of self-interest by all individuals lead to socially efficient outcomes? When does it lead to outcomes that no one likes?
- What do we do when external effects (externalities) pervade social interactions? People confer benefits on each other and inflict costs on each other, and our social, working, financial, and political lives are therefore interdependent in crucial ways.
- Why do people regularly fail to coordinate on mutually beneficial outcomes? And why is social coordination a major aspect of modern economies?
- How do trade and production generate economic gains? What determines the distribution of these gains among different individuals and groups? Are they distributed equally or unequally? Does the distribution of economic gains affect how people behave?
- Why and how do institutions – laws, social norms, convention, markets – (the ‘rules of the game’) and power affect the way people, firms, communities and governments interact?
- How does the labor market work? What determines the wage level? Why is there some unemployment in all capitalist economies?
- What are the main features of the credit market? How is selling ‘loans’ different from selling apples? Why are the poor generally excluded from credit markets?

## TEXTBOOK AND ONLINE RESOURCES

We will use the following textbook:

*The Economy* ([www.core-econ.org/](http://www.core-econ.org/)), by the CORE team. You can purchase a hardcopy of the book (published by Oxford University Press), or you can get the **e-book free of charge** in a variety of different ways.

- First of all, I'd recommend you go to the book's website: [www.core-econ.org/](http://www.core-econ.org/) and register as a student reader as you'll get access to the e-book as well as additional resources, such as narrated slides, unit pdfs, math supplements, quizzes, related news articles and videos.
- Second, The Economy is available free as an app for off-line reading for Android and Windows devices, while for iOS users it is available in the Apple iBooks store. In addition, The Economy is also available as a free epub file.
- Each Chapter has "Questions" to quickly check your understanding—you can click on "check my answers" once you answer a question and immediately receive detailed feedback from within the ebook.
- The resources section of the textbook on the CORE website has "Quizzes" for each unit as an additional learning tool available to you.

Additional readings and resources will be posted on the course Moodle site.

## COURSE ASSESSMENT

The course assessment is broken down in the following way:

- Problem Sets: 25% (~biweekly exercises upon completion of each topic) See below for details on problem set submission and grading.
- Quizzes: 18%
- Capstone Presentation: 7% (See below.)
- First Midterm: 15% (Online, Date: **Tuesday, October 12<sup>th</sup>**)
- Second Midterm: 15% (Online, Date: **Tuesday, November 16<sup>th</sup>**)
- Final exam: 20% (Date TBD)

### Quizzes

The due dates for each quiz will be available on the Moodle site. You will have graded quizzes for each unit (1 through 9 and 12). I will drop the lowest score from your quizzes, therefore giving you a grade out of 9 quizzes. If you are struggling with time and only manage to do 9 of them, then all 9 will count. If you get full credit on all 10 quizzes, you will get 2 points (100x0.02) extra credit to be added to your final cumulative point grade.

Even if you do not complete a quiz, you are still responsible for learning the content covered in that quiz.

### Capstone Presentation

Our textbook, The Economy, has a variety of important and capstone topics that we can cover in the last few weeks. Do you want to understand more about innovation and networked economies (Unit 21) or do you want to think about economics and the environment (Unit 20), or perhaps the role of inequality (Unit 19)? We will have a survey of the class to put you in different topics corresponding to different units.

## Problem Sets Submissions and Grading

**Submission** For submission of each problem set, you will follow the steps outlined below. The report (steps 3 and 4 below) is not required but I strongly recommend that you work on it as it will significantly improve your understanding of the topic, and it will help your grade!

1) You will submit your answers to the questions of the assignment on Moodle by the deadline stated on the assignment.

! The file you submit on Moodle has to be a **.pdf** file named as follows: **[LASTNAME]\_PS[#]**

! You are not required to type your answers. You can submit a scan of your handwritten solutions. (There are many scanning apps available free of charge for smart phones. Using your phone may be more practical than having to find a scanner.)

\*\*\*\*\*If you submit in another format, or you name your file differently you will lose 2 points.\*\*\*\*\*

Please contact me ASAP if you have any difficulty or need help with converting files to .pdf and scanning your solutions.

2) I will post the solutions for that assignment on Moodle right after the deadline. Accordingly, late submissions of assignments as defined in (1) cannot be accepted.

3) With the solutions available, you will review the answers you have submitted. The aim of this part is to make sure that we have an opportunity to address any confusions sooner rather than later as the course material is cumulative; what you learn/not learn now will have significant effects on your learning future topics! The basic idea is that you review your answers given the solutions and identify the parts you missed or answered incorrectly. For each such part you need to write a short *reflection/report* explaining why you answered the way you did and what was mistaken about it. (My most important advice is to always ask yourself “why do we think/analyze this way” when studying the material, and, of course, during the lectures.)

Below are some example templates to give you a better idea, but you are free to write it in any way that works for you and can be easily interpreted by someone else (i.e. me).

- I answered as ... because I had thought that ... . I was mistaken because ...
- I had thought that ... because ... . I understand the solutions but I don't see what is wrong with my thinking/answer.
- I had thought that ... because ... . I don't understand why the answer is ... rather than ...

4) You will submit your report on Moodle by the stated due-date.

**Grading** Your grade from each assignment will be calculated as follows: After you submit your self-reflections, I will grade your initial submission, as defined in (1) above, taking into account your reflections, for each part of the assignment where you missed points. If your corresponding reflections is satisfactory (as explained in (3) above) you will earn half of the points you had initially missed. For example, say your initial submission earned 15 out of 25 points on one of the questions. You may earn half the points you missed ( $0.5 \cdot 10 = 5$ ) based on the reflection/report you submitted, hence get 20 points rather than 15.

## **COURSE POLICIES**

### **Lectures:**

This is a fully remote class with synchronous sessions at our scheduled class time.

Each lecture video will be recorded and posted on the course website on **Moodle**, and it will be available for viewing until the end of the semester. (Also see the related note at the beginning of this syllabus.) Lecture notes, readings and other resources will be posted on Moodle as well.

### **The “Virtual Classroom” on Moodle:**

As an additional virtual meeting space, we also have an online platform, the “**Virtual Classroom**” forum on the course Moodle site, for discussing course-related questions. You can post questions and answer each other’s questions on this forum. I want you to be able to communicate with each other about content in the course and to collaborate when you need help. You can learn a lot by asking questions, helping to answer other people’s questions, and thinking out loud about different ideas you have. Also, when you post, you’re providing a public service, a resource that others can use which is a helpful and community-minded thing to do. While responding to/commenting on someone else’s post, you should not worry about providing incorrect or incomplete information as I will be monitoring the forum to clarify any confusions and respond to your questions. So, in the process, you will have checked your understanding as well by way of your comments on others’ questions.

I will kindly ask you to post any questions regarding the course logistics, course material and the assignments on this forum rather than sending me an email. In all likelihood, you want to ask a question the answer to which many people will benefit from, which is why I strongly recommend posting to the forum.

I am always happy to provide hints and help out with the assignments. I am more comfortable doing so, and I provide more extensive help, if the question is posted on this forum as I know that the information/instruction that I provide will be available to everyone in the class; hence, eliminating any issues of fairness.

### **Email & Communication Policy:**

I encourage you to email me about issues that pertain to you personally. I shall do my best to respond to email within 24 (business) hours, i.e. within one day during the week and by the end of Monday if you sent the email on Friday or over the weekend.

I will not answer detailed conceptual questions about problems sets or course material in emails. If you have such questions, come by my office hour or schedule a meeting, or post to the Virtual Forum on Moodle (see above).

For course related questions, please first check the syllabus, Moodle and your emails for the announcements I send to the class.

### **Missed Assignments and exams:**

Late submissions of assignments will not be accepted, as solutions will be posted right after the due date. In documented extenuating circumstances, I reserve the right to make reasonable arrangements.

Make-up exams will be given only in case of documented medical emergency, bereavement, court appearance, and in accordance with the University regulations concerning exam conflicts.

**Academic Honesty Policy Statement:**

Since the integrity of the academic enterprise of any institution of higher education requires honesty in scholarship and research, academic honesty is required of all students at the University of Massachusetts Amherst.

Academic dishonesty is prohibited in all programs of the University. Academic dishonesty includes but is not limited to: cheating, fabrication, plagiarism, and facilitating dishonesty. Appropriate sanctions may be imposed on any student who has committed an act of academic dishonesty. Instructors should take reasonable steps to address academic misconduct. Any person who has reason to believe that a student has committed academic dishonesty should bring such information to the attention of the appropriate course instructor as soon as possible. Instances of academic dishonesty not related to a specific course should be brought to the attention of the appropriate department Head or Chair. The procedures outlined below are intended to provide an efficient and orderly process by which action may be taken if it appears that academic dishonesty has occurred and by which students may appeal such actions.

Since students are expected to be familiar with this policy and the commonly accepted standards of academic integrity, ignorance of such standards is not normally sufficient evidence of lack of intent.

For more information about what constitutes academic dishonesty, please see the Dean of Students' website: [http://umass.edu/dean\\_students/codeofconduct/acadhonesty/](http://umass.edu/dean_students/codeofconduct/acadhonesty/)

The University of Massachusetts Amherst is committed to providing an equal educational opportunity for all students. If you have a documented physical, psychological, or learning disability on file with Disability Services (DS), Learning Disabilities Support Services (LDSS), or Psychological Disabilities Services (PDS), you may be eligible for reasonable academic accommodations to help you succeed in this course. If you have a documented disability that requires an accommodation, please notify me within the first two weeks of the semester so that we may make appropriate arrangements.

## **COURSE SCHEDULE**

We will cover units 1- 9 & 12 of the textbook. Each chapter should take 2-3 lectures.  
The central concepts to be covered are summarized as below:

### **The Economy**

**Unit 1** The big picture about how the global economy came to look as it does today.

**Unit 2** Technology, Population, and Growth

### **Economic decision making (a single actor)**

**Unit 3** Working hours: Doing the best you can within a feasible set: indifference curves, feasible frontier,  $MRS = MRT$

### **Economic relationships and interactions**

**Unit 4** Strategic interactions: Doing the best you can, given what others do: social dilemmas, self-interest, social interest, altruism, public goods, external effects

**Unit 5** Bilateral trade: Doing the best you can, given what others do, and given the rules of the game: institutions, bargaining power, Pareto efficiency, fairness

**Unit 6** Employment relationship: Doing the best you can, given what others do and the rules of the game, when contracts are incomplete

### **Markets**

**Unit 7** Firm producing a differentiated good, setting the price: Profit maximization (demand plus isoprofit curves); costs, competition, market failure

**Unit 8** Supply and demand; price-taking and competitive markets: Prices as messages. Competitive equilibrium; price-taking firms and Pareto efficiency.

**Unit 9** Labour market: From wage-setting (Unit 6) and price-setting (Unit 7) to the whole economy

### **Market dynamics, how markets work, or may not work**

**Unit 12** Markets, efficiency, and public policy: Property rights, incomplete contracts, externalities”

### **Capstone Chapters**

**Unit 17** The Great Depression, golden age, and global financial crisis

**Unit 18** The nation and the world economy

**Unit 19** Economic inequality

**Unit 20** Economics of the environment

**Unit 21** Innovation, information, and the networked economy

**Unit 22** Economics, politics, and public policy

The following schedule is **tentative** and subject to change.

<b>Dates</b>	<b>Reading*</b>	<b>Deadlines</b>
Th Sep 2	Preface	
Tu Sep 7 Th Sep 9	Ch 1&2	
Tu Sep 14 Th Sep 16	Ch 3	Quiz 1 by F Sep 17
Tu Sep 21 Th Sep 23	Ch 3&4	Quiz 2 by F Sep 24
Tu Sep 28 Th Sep 30	Ch 4	PS 1 Due M Sep 27 Quiz 3 by F Oct 1
Tu Oct 5 Th Oct 7	Ch 5	PS 2 Due F Oct 8 Quiz 4 by F Oct 8
<b>Tu Oct 12</b>		<b>MIDTERM 1</b>
Th Oct 14	Ch 6	Quiz 5 by F Oct 15
Tu Oct 19 Th Oct 21	Ch 6&7	Quiz 6 by F Oct 22
Tu Oct 26 Th Oct 28	Ch 7&8	PS 3 Due Mon Oct 25 Quiz 7 by F Oct 29
Tu Nov 2 Th Nov 4	Ch 8&9	Quiz 8 by F Nov 5
Tu Nov 9	Ch 9	Quiz 9 by F Nov 10
<b>Th Nov 11</b>		<b>HOLIDAY</b>
<b>Tu Nov 16</b>		<b>MIDTERM 2</b>
Th Nov 18	Ch 12	
Tu Nov 23	Ch 12	Quiz 10 by Tu Nov 23 PS 4 Due Tu Nov 23
<b>Th Nov 25</b>		<b>HOLIDAY</b>
Tu Nov 30 Th Dec 2	Capstone Presentations	
Tu Dec 6	Capstone Presentations	Capstone Presentation Report by Dec 6

\*Check Moodle for additional readings.

## TIPS

We will cover a wide range of topics throughout the semester, and although our discussion will always be motivated by some real-life examples, as we move to the theoretical analysis the new language and concepts may be overwhelming. At this background, here are some keys to doing well in this class:

**Keep up:** Concepts build on each other and we will move quickly through topics. If you wait until right before a problem set due date or exam to make sure you understand the material, you may have difficulty catching up. Read through the chapters before class, do not spend too much time on understanding the new concepts but just make sure to have some familiarity prior to the lecture. Once we cover the topic in class, go back and read the chapter again and check your understanding. Review each lecture and make sure that you clarify any confusions either in the next lecture or during office hours. Start working on the problem sets as soon as they are posted, and once the solutions are available, make sure to review your answers.

**Recreate:** Try to recreate the graphs and examples from lecture and the book without your book or notes. Carefully study the diagram, then close your notes or book and try to recreate the graph. The goal is not to be able to draw from memory, but to understand why each line or curve was placed on the diagram and what it tells us. As you draw the diagram, try to think of what would cause the lines or curves in the diagram to move and how they would move.

**Explain:** Practice explaining in addition to doing problems. To succeed in this course, you need to be comfortable with theoretically analyzing a relevant topic, to understand why your analysis is a good explanation and what is it missing, and to apply ideas in different contexts. In order to be able to these you need to always check your understanding of the intuition behind the technical components. Be like a toddler and tirelessly ask “WHY?” for each and every step of the analysis that we conduct. Practice explaining new ideas to your classmates, your roommates, your friends, your parents or anyone else you can convince to listen. Try to find examples of what we learn in class in your life and in real life. Read in the newspaper, the Economist, economic blogs, or other sources and try to use the models from class to explain the article.

**Ask for help:** If you find yourself struggling with an idea, ask for help as soon as you can. You can post your questions to the aforementioned Virtual Classroom forum on Moodle to get a discussion started with me and others in the class. If I believe that your question will be better addressed by way of a meeting, I will ask to set up a Zoom meeting. Also, I’m always available during my office hours. I’m also happy to make appointments outside of office hours.

**Problem Sets:** The problem sets are designed to be learning experiences, giving you practice working with and applying the concepts from class. The questions are intentionally challenging and not simply examples from class with different numbers. In many cases, you may need to think about a problem for a while before you will see how to answer the question.

I strongly encourage you to work on these problems (and your problem sets) in groups, with two caveats: First, you must prepare and submit your own answers - your own explanations of how you arrived at a solution, your own step (or mis-step) when arriving at a mathematical answer, etc. Second, I highly recommend that you try the assignment individually first. This will be helpful in two ways. First, you are more likely to do well on the midterm and final by getting practice through the assignments. (Remember, you can’t work together on the midterm and final exams.) Second, both you and your classmate are more likely to do well on the assignment itself by putting two separate minds on it.

Always review your answers as soon as the solutions are available, while your memory of your reasonings is still fresh. You should do so regardless of the point grade you get: Given my grading method, you may get a high point grade but get many parts of the problem set incorrect.

**Feedback – sooner rather than later!** If you have feedback or concerns, bring them up with me sooner rather than later. If there’s something that we can adjust right away, I will try my best to do so.