

03SM22BO0141 – Markets, People, Politics: An introduction to applied microeconomics

Instructors

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Time and Location

Lecture: Monday 16:15-18:00, Room: SOC-F-106

Exercise session: Friday 14:00-15:45, Room: KOL-H-312

Office hours: by appointment

Course Description

What can modern economic research tell us about current social challenges? This course provides an introduction to the different areas of applied microeconomics: labor market, health, education, public finance, economics of regulations, environmental economics, development economics, behavioral economics, etc. What can the basic concepts of economics say about these areas and where does current empirical research stand? Students gain a practical insight into the theoretical and empirical basic concepts of economics by means of concrete examples that show how these concepts flow into politics, society and personal decisions. The course is aimed at economics students as well as students from other disciplines who are interested in learning how economic concepts can help to better understand social developments - and where their limits lie.

This is an elective, advanced-level course designed for students who have already completed introductory microeconomics 1.

Grading

| <i>Item</i> | <i>Points</i> |
|-------------|---------------|
| Final Exam | 100% |

Exam

Written exam, on-site (room HAH-E-11), January 12, 2026: 4:15 pm (90 min).

Class Policies

Please be advised that the use of laptops, smartphones, etc. is not allowed during classes. Printouts of lecture slides will be distributed in class. Completed slides will be posted online the day after the lecture.

Reading List

Since this is a new class, the readings will be selected progressively throughout the semester based on the experience of the early classes and class interests. Readings will be listed/uploaded at the latest one week before every class.

The main source of material that will appear frequently in the reading lists is units from the book “*The Economy 2.0: Microeconomics*” (2023).

In addition, the mandatory readings are highlighted in **bold**. Links are provided underlined and in *italics*. It is recommended to read the mandatory readings **before class**, and these will be part of the materials covered in the exam. The other readings are optional for those who are interested in further learning about each topic.

Accessing the book

- E-book version available for free online *here*.
- **Features**: clickable links, multiple-choice questions (MCQs), videos...

Access options:

- Read directly online on the website
- Download the **Epub** version (Apple iBooks, Thorium Reader)
- Download the **App** (Android/Windows only)
- Download the **PDF** from Olat

To download Epub or App & compare features:

- Scroll down on the same webpage link, under **Formats**
- Select and download your preferred version
- A comparison of features across formats is also available there

Important note:

- Online, Epub, and App versions → allow checking answers to MCQs
- Printed book and Olat PDF → **do not** allow checking MCQ answers

Exercises Session

Exercises are not graded but are part of the exam materials. They will likely include both paper-based exercises and data-based exercises. The content of the problem sets will be discussed in the exercise sessions, but most will be done with R. For guidance on *downloading R and RStudio* to your device, please visit *this link*. Try to install both R and RStudio before the first TA session.

The final exam will include questions concerning the required readings, the material in the slides, the videos, and the materials covered in problem sets.

Suggested Additional Books for Further Reading

- Not the End of the World: How We Can Be the First Generation to Build a Sustainable Planet, Ritchie, Hannah (2024). *Little, Brown Spark*.
- Factfulness: Ten Reasons We're Wrong About the World - and Why Things Are Better than You Think, Rosling, Hans, Rosling, Ola, and Anna Rosling Rönnlund (2018). *Flatiron Books, New York*.
- Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty, Banerjee, Abhijit, and Esther Duflo (2011). PublicAffairs.
- Banerjee, Abhijit V., and Esther Duflo. Good Economics for Hard Times. First edition, PublicAffairs, 2019. For APA style, use: Banerjee, A. V., & Duflo, E. (2019). Good economics for hard times (1st ed.). PublicAffairs

Lecture 1

- **CORE *The Economy 2.0: Microeconomics* Open access e-text <https://core-econ.org/the-economy/Section 1.2> (Including the extension). Below referred to as CORE.**
- Matthias Benz (2025, July 31). “Löhne, Konsum, Lebensqualität: Den Schweizern geht es besser als vor fünfzig Jahren.” NZZ. (PDF available on Olat)
- Ben Casselman (2025, August 6). *Why the B.L.S. Regularly Revises Jobs Data*. *The New York Times*.

Lecture 2

- CORE **Section 1.4 and 1.5**
- CORE **Section 1.3 and 1.8**
- ***Impact Evaluation Methods in Public Economics: a Brief Introduction to Randomized Evaluations and Comparison with Other Methods*, Pomeranz, Dina (2017). Public Finance Review, 45(1) (Read only the Introduction)**
- Max Roser (2021) - “What is economic growth? And why is it so important?” Published online at OurWorldinData.org. Retrieved from: '<https://ourworldindata.org/what-is-economic-growth>' [Online Resource]
- Joe Hasell and Max Roser (2019) - “How do we know the history of extreme poverty?” Published online at OurWorldinData.org. Retrieved from: '<https://ourworldindata.org/extreme-history-methods>' [Online Resource]
- Max Roser (2021) - “Extreme poverty: How far have we come, and how far do we still have to go?” Published online at OurWorldinData.org. Retrieved from: '<https://ourworldindata.org/extreme-poverty-in-brief>' [Online Resource]
- Max Roser (2021) - “How much economic growth is necessary to reduce global poverty substantially?” Published online at OurWorldinData.org. Retrieved from: '<https://ourworldindata.org/poverty-minimum-growth-needed>' [Online Resource]

Lecture 3

- CORE **Section 2.8 and Section 4.9**
- CORE **Section 2.2, 2.3, 2.4**
- ***Impact Evaluation Methods in Public Economics: a Brief Introduction to Randomized Evaluations and Comparison with Other Methods*, Pomeranz, Dina (2017). Public Finance Review, 45(1) (Section 2 on Randomized Evaluation)**
- Laibson, David, and John A. List. 2015. "*Principles of (Behavioral) Economics*." American Economic Review 105 (5): 385–90.

Lecture 4

- CORE **Section 4.6, 4.7, 4.8**

- *"Behavioral Economics: Past, Present, and Future."* American Economic Review 106 (7): 1577–1600.
- *"From Cashews to Nudges: The Evolution of Behavioral Economics"*, Nobel Prize Lecture, Richard H. Thaler
- CORE **Section 3.1, 3.3**

Lecture 5

- CORE **Section 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.12**
- Thaler, R. H., & Imas, A. O. (2025). *The Winner's Curse: Behavioral Economics Anomalies*, Then and Now. Simon & Schuster.
- Goldin, C. (2024). Nobel lecture: *An evolving economic force*. *American Economic Review*, 114(6), 1515-1539.
- Sarsons, H. (2017). *Interpreting signals in the labor market: evidence from medical referrals*. Job market paper, 141-145. (Please watch **this video** about it, or read the **summary available on Olat**)

Lecture 6

- CORE **Section 4.1, 4.3, 4.4, 4.5, 4.13, 4.14**
- CORE **Section 4.2**
- Clausing, K. A., & Wolfram, C. (2023). *Carbon border adjustments, climate clubs, and subsidy races when climate policies vary*. *Journal of Economic Perspectives*, 37(3), 137-162.
- **Impact Evaluation Methods in Public Economics: a Brief Introduction to Randomized Evaluations and Comparison with Other Methods**, Pomeranz, Dina (2017). *Public Finance Review*, 45(1) (Sections 3, 4 and 5 on Difference-in-Differences)

Lecture 7

- CORE **Section 5.2, 5.3, 5.4, 5.11, 5.12, 5.14**
- CORE **Section 5.1, 5.5, 5.6, 5.7, 5.8, 5.9**
- Hémous, D., *Green innovation policies: Economics and climate change*. 2021. UBS Center Public Paper.

Lecture 8

- CORE **Section 6.2, 6.3, 6.4, 6.5, 6.6, 6.10, 6.12, 6.13**
- CORE **Section 6.1, 6.7, 6.8, 6.9, 6.11**
- Lee, D. S. (2001). *The Electoral Advantage to Incumbency and Voters' Valuation of Politicians' Experience: A Regression Discontinuity Analysis of Elections to the US*.
- **Impact Evaluation Methods in Public Economics: a Brief Introduction to Randomized Evaluations and Comparison with Other Methods**, Pomeranz, Dina (2017). *Public Finance Review*, 45(1) (Section 7 on Regression Discontinuity Design)

Lecture 9

- CORE **Section 7.1, 7.3, 7.7, 7.8, 7.9, 7.12**
- CORE Section 7.2, 7.4, 7.5, 7.6, 7.10
- CORE **Section 8.2, 8.3, 8.6**
- CORE Section 8.5, 8.8, 8.9
- Rysman, M. (2009). *The economics of two-sided markets*. *Journal of Economic Perspectives*, 23(3), 125-143.
- European Commission. (2018). "Antitrust: Commission fines Google €4.34 billion for illegal practices regarding Android mobile devices to strengthen dominance of Google's search engine." Press Release IP/18/4581, 18 July. Brussels.

Lecture 10

- CORE **Section 8.12, 8.13**
- **Ghosting the tax authority: Fake firms and tax fraud in Ecuador - VoxDev Summary** Carrillo, P., Donaldson, D., Pomeranz, D., & Singhal, M. (2022) (Summary of the Paper)
- Carrillo, P., Donaldson, D., Pomeranz, D., & Singhal, M. (2023). Ghosting the tax authority: fake firms and tax fraud in Ecuador. *American Economic Review: Insights*, 5(4), 427-444.
- Klein, E., & Thompson, D. (2025). *Abundance*. Simon and Schuster.
- SWI: "Why Switzerland is resistant to food-price inflation"
- Annual Review of Economics: "Taking State-Capacity Research to the Field: Insights from Collaborations with Tax Authorities"

Lecture 11

- CORE **Section 9.3, 9.4, 9.7, 9.9**
- CORE Section 9.2, 9.5, 9.6, 9.8
- VOX-EU: Wealth and history: A reappraisal, Daniel Waldenström, 17 Nov 2021.
- Podcast: Episode 115: Steve Mello on the long-term financial consequences of small fines.

Lecture 12

- CORE **Section 9.10, 9.11, 9.12, 9.13**
- Pomeranz, D., & Kast, F. (2024). Savings accounts to borrow less: experimental evidence from Chile. *Journal of Human Resources*, 59(1), 70-108.
- The Impact of Unconditional Cash Transfers in Kenya, Haushofer, Johannes and Jeremy Shapiro (2016). J-PAL Evaluations.

Lecture 13

- Pinotti (2020), *The Credibility Revolution in the Empirical Analysis of Crime*, Sections 1, 2, 3
- CORE Section 10.2, 10.3, 10.4, 10.5
- CORE Section 10.1

Lecture 14

- CORE Section 10.7, 10.8, 10.9, 10.10, 10.11
- CORE Section 10.6, 10.12
- Kremer, M., & Glennerster, R. (2004). *Strong Medicine: Creating Incentives for Pharmaceutical Research on Neglected Diseases*. Princeton University Press. <https://doi.org/10.2307/j.ctt1dr365r>