

UNIVERSITY OF MARYLAND
University Honors Program

Honors 288W
W. Oates

Spring Term 2012

ECONOMICS, MARKETS, AND SOCIAL POLICY: HOW THE
WORLD WORKS (AND DOESN'T WORK)

This course introduces students to the economic approach to social and economic problems. It explores how an economist thinks about the world and policy issues. The course comes in two distinct parts. The first part is devoted to the basic principles of economics and the operation of a market system. Against this background, the second part of the course explores the role of government in a market economy in terms of two important policy issues: environmental protection and the reform of public education (with special attention to school choice and the ongoing school-reform experiments in Washington, D.C.).

The course relies heavily on class discussion and a series of written assignments. Students are expected to prepare for class, to attend class, and to participate in class. In the first part of the course, the written assignments consist of problem sets in order to gain facility with economic tools of analysis. In the latter part of the course, students write two short papers on the policy issues under study and may contribute some short oral reports.

Examinations, Papers, and Grading:

There will be a quiz on Tuesday, February 28, and a midterm exam during the class period on Thursday, April 5, that covers the basic principles of economics. A course grade will be determined using the following weights: homework problem sets 20%, quiz 15%, midterm exam 25%, two short papers 15% each, and class participation 10%. The course assumes no previous study of economics and thus should not be taken by students who have had courses in economics.

The course outline and readings that follow describe the structure of the first part of the course. A second outline will be distributed later with readings for the study of our two policy issues.

Instructor's Contact Information and Class Logistics:

My office is in Tydings Hall, Room 3147E; my phone number is 301-405-3496; and my office hours are Tuesday 10:45-11:45 AM, Thursday 2:30-3:30 PM, and by appointment. My e-mail address is oates@econ.umd.edu

Readings:

The first half of the course will rely primarily on N. Gregory Mankiw, Principles of Microeconomics, Fifth Edition (Thomson-Southwestern, 2009), which will be supplemented with some handouts. Reading lists and copies of the readings for the second half of the course will be distributed later.

Further Information Concerning University Policies:

1-Academic Accommodations: If you have a documented disability, you should contact Disability Support Services, 0126 Shoemaker Hall. Each semester students with documented disabilities should apply to DSS for accommodation request forms which you can give to your professors as proof of your eligibility for accommodations. The rules for eligibility and the types of accommodations a student may request can be reviewed on the DSS web site at http://www.counseling.umd.edu/DSS/receiving_serv.html

2-Religious Observances: The University System of Maryland policy provides that students should not be penalized because of observances of their religious beliefs. It is the responsibility of the student to inform the instructor of any intended absences for religious services in advance.

3-Academic Integrity: The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. You are responsible for observance of this Code. For information on all this, please visit <http://www.studenthonorcouncil.umd.edu/whatis.html>

4-In addition, the University of Maryland has a student-administered Honors Code and Honors Pledge available on the web at <http://www.ipu.umd.edu/aca/honorpledge.html>

Course Outline and Reading List (for first part of course)

I. Principles of Economics

A. Introduction

1. Mankiw, Chs. 1-2

B. The Gains from Trade

1. Mankiw, Ch. 3

II. Fundamentals of a Market System

A. The Basic Workings of Markets

1. Mankiw, Chs. 4-6

B. Markets and Social Welfare

1. Mankiw, Chs. 7-8

C. International Trade

1. Mankiw, Ch. 9

2. Bastiat, "The Petition of the Candle Makers"

III. The Role of Government in a Market System

A. A Rationale for Government Intervention: Market Failure and Public Goods

1. Mankiw, Chs. 10-11

B. Principles of Taxation and the Role of State and Local Government

1. Mankiw, Ch. 12

IV. Industrial Structure and Behavior

A. Cost Structure

1. Mankiw, Ch. 13

B. The Organization of Industry

1. Mankiw, Chs. 14-17

V. The Economics of Labor Markets and the Distribution of Income

A. Markets for Factors of Production

1. Mankiw, Ch. 18

B. Wages and Discrimination in the Labor Market

1. Mankiw, Ch. 19

C. Income Inequality and Poverty

1. Mankiw, Ch. 20

[Additional reading lists on environmental policy and school reform will be provided later.]