INTRODUCTION
Economics is an essential language of social welfare policy and administration. To be successful, policy makers in areas such as income transfers, health, social service delivery, and economic development must understand fundamental principles of economic theory including markets, incentives, margins, supply and demand, and market failures. Social Work and Economics explores these issues and relates them to the work of social workers, social service managers, and social policy analysts.

These issues make up the core of microeconomics, and are relevant to understanding economic and social problems faced by all societies, regardless of their formal political and economic systems. Economists contend that markets exist no matter the political context. Microeconomics analyzes the behavior of people, households and firms and the dynamics and outcomes of product and labor markets in which these actors interact. Although microeconomics is often viewed as an apologia for free markets, much of it explores market failures: ways that unregulated competition fails to achieve efficient or equitable outcomes.

Partly in response to market failures, the U.S. economy is not a pure market economy. Rather, it is a “mixed” economy; a politically-determined blend of markets and public interventions meant to either support market activities or to correct problems that markets create (although these interventions sometimes end up aggravating problems or creating new problems). Social Work and Economics will prepare students to engage in normative and positive analyses of the role of the public and nonprofit sector in a mixed economy.¹

The course will be divided into two parts. The first part will consist of an economics “bootcamp.” Students will learn the fundamental principles of microeconomics and apply this knowledge in three problem sets. The second part will consist of an exploration of the application of these principles to areas of special interest to social workers, such as anti-poverty transfer programs, early childhood intervention, health care reform.

COURSE OBJECTIVES
Students are expected to:

- Master the fundamental concepts and tools of microeconomics
- Understand the basic nature of markets, and understand the consequences of market failures

¹ Language from the introduction section is made up of some unknown mixture of writing by Luke Shaefer and Harold Pollack. Thanks Harold.
- Apply these concepts to issues of importance to social workers
- Discuss the relationship between economics and social work

TEXTS
  - I am using an old version of this textbook because the content has not changed, and it is far cheaper. Further, I have 6 copies of this text that I am happy to lend out, and one by Mankiw which shares roughly 98% of the same content
  - I have bought a number of copies of this fun text to share
  - As Professor Friedman would have wanted, you are on your own to acquire this one

COURSE REQUIREMENTS

Participation
Students are expected to attend classes, to read assignments with care, and to be prepared to answer questions about the readings. For many students, adequate preparation may take 8+ hours each week. Participation in a Great Debate will be counted toward students’ participation grades.

The Great Debates
Together we will use this class as a forum to discuss and debate some of the most important issues facing social policy analysts and social service administrators. For these debates, the class will be turned into the United States Senate, and will vote on the issue in question after hearing compelling arguments from both sides. All students will be given the opportunity to research and present one side of a debate topic. These presentations will draw from a few outside sources (which I can help you identify) and will be approximately 10-15 minutes long, followed by 10-15 minutes of debate by the class. A sign-up sheet for the great debate will be distributed on the first day of class.

Assigned Problem Sets
Three problem sets will be collected and evaluated, and make up the largest part of students’ final grades. These display and expand your mastery of course materials. Problem solving is central to SW875. Some problems are intuitive and graphical, designed to sharpen your intuition and qualitative understanding. Others are specific and numeric. Both kinds are important. The first two problem sets can be done collaboratively with other students in the course. The final problem set must be done independently. **Please submit paper copies of your problem sets with only your UMID number for identification.**

Final Paper
During the second half of the course, students will select a paper topic that is relevant to the course material and complete a 15-page paper on it. Students should have their paper topic approved by the instructor by week 11. Topics can be anything that focuses on the intersection of social work and economics for social welfare.
economics. They can include a deeper exploration of a topic discussed in class, or an exploration of a relevant topic not included in the course content. **Please submit a paper copy of your paper with only your UMID number for identification.**

**GRADING**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Attendance/Participation</td>
<td>10%</td>
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<tr>
<td>Problem sets</td>
<td>50% (problem sets 1 &amp; 2 are worth 20%; problem set 3 is worth 30%)</td>
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<tr>
<td>Final Paper</td>
<td>40%</td>
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**CLASSES**

Class meetings are used to pose and to answer questions, to review, elaborate on and extend text materials, to review assigned problems, and to apply analysis to practical issues. Students’ questions are highly important and useful. **Questions that reflect misunderstanding and confusion contribute as much or more to the class as questions that reflect mastery of the material.** Consequently if you find something confusing, bring it up! Other students will most certainly share your confusion, and will be grateful for your bravery.

**SCHEDULE**

**Session 1-January 6th**

**Introduction**

- Go over class syllabus
- Introduction to the fundamental tenants of Economics
  - Thinking like an Economist
  - Introduction to Markets
  - Opportunity Costs
  - Budget Constraints (Examples: food stamps block grants)
  - Economic Models
  - Gains from Trade (comparative advantage), with a normative discussion
- Graphing in Economics

**Assignments for the next class**

1. Read *Naked Economics*, Introduction, Chapters 1 & 2
2. Read Krugman & Wells, Chapter 1-3
3. Begin problem set 1, due during session 3, January 20th

**Session 2-January 13th**

- Discuss *Naked Economics*
- Supply and Demand Analysis
  - Examining demand curves
- Examining supply curves
- Labor market equilibriums (important to us)
- The equilibrium price or market price
- Shifts in the supply and demand curves

Applications of Supply and Demand
- Reaching the market equilibrium
- Economic Efficiency (good)
- Surpluses and shortages
- The effects of the War on Drugs on drug supply
- Intro: The minimum wage and living wage laws

Assignments for the next class
1. Read *Naked Economics*, Chapters 3 & 4
2. Read Krugman & Wells, Chapters 4 & 5
3. Complete problem set 1, due during session 3, January 20th

Session 3- January 20th

Problem Set 1 due at the beginning of class

- The Market Strikes Back
  - Economic inefficiency (bad)
  - Price controls (Floors and ceilings)
  - Shortages and surpluses
  - The deadweight loss of taxes

- Elasticity
  - Price elasticity of demand/ Price elasticity of supply
  - Income elasticity of demand
  - Substitutes and complements
  - Taxes and market equilibrium
  - Application: Who bears the burden of the tax?

- *Great Debate 1: Minimum Wages: Justice for workers or a conspiracy by gold plated unions?*

Assignments for the next class
1. Read *Naked Economics*, Chapter 6
2. Read Krugman & Wells, Chapters 6, 7 & 8
3. Begin problem set 2, due during session 5, February 3rd

Session 4-January 27th

- Elasticity, continued
  - Taxes and market equilibrium
  - Application: Who bears the burden of the tax?

- Social Surplus
  - Consumer surplus
  - Producer surplus
Assignments for the next class
1. Read *Naked Economics*, Chapter 5
2. Read Krugman & Wells, Chapter 9-12
3. Complete problem set 2, due during session 5, February 3rd

Session 5- February 3rd
Problem set 2 due at the beginning of class
- Exploring Producer Behavior: Costs and decision making
  - Opportunity costs revisited
  - Sunk costs
  - Producer costs (marginal, fixed, variable)
  - Introduction to marginal analysis
  - Perfect competition (Where do firms produce?)
  - Great Debate: *Sin Taxes*—Efficient ways to reduce undesirable behaviors, or regressive punishment of the poor?

Assignments for the next class
1. Read Krugman & Well, Chapters 13, 14, 19-21
2. Complete problem set 3, due during session 7, February 17th

Session 6- February 10th
- Market Failures- Introduction
  - Monopoly, monopsony
  - Price discrimination
  - Oligopoly
- Public goods
- Externalities (positive and negative)
- Social Insurance
  - Moral Hazard
  - Adverse Selection

Assignments for the next class
1. Read Milton Friedman’s *Capitalism and Freedom*, introduction, chapters 1, 2, 5-7, 9-12
2. Complete problem set 3

Session 7- February 17th
Problem set 3 is due at the beginning of class
- Freedom versus equality—which should win?
  - Government—friend or enemy to the poor?
  - Occupational licensure
- Government and education
- Capitalism and discrimination
- The Negative income tax

Assignments for the next class
1. Ben-Shalom, Moffit & Scholz, An Assessment of the Effectiveness of Anti-Poverty Programs in the United States, in press.

Session 8- February 24th
- Understanding the U.S. Public Social Safety Net
- Are we more or less generous than we used to be?
- What are the benefits of the current system versus a negative income tax?
- Great Debate 3: Scrap the Whole Safety Net and Replace it with a Negative Income Tax?

Assignments for the next class
1. Krueger, Inequality, Too Much of a Good Thing?
2. Carneiro & Heckman, Human Capital Policy, pages 137-148

Session 9-March 10th
- Inequality, good or bad? (Can I even put that on a social work syllabus?)
- The preferred answer of economists: human capital interventions
- Cognitive versus non-cognitive gains…

Assignments for the next class
1. Dobbie and Fryer, Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem, 2009
2. Carneiro & Heckman, Human Capital Policy, pages 96-123

Session 10-March 17th
- Randomized trials—something is having a causal effect, we’re just not 100% sure what it is…
- Still, a randomized trial remains the gold standard!
- Why does the Harlem Children’s Zone work?
- Does it matter that Princeton now costs more than $50k a year?

Assignments for the next class
5. Frakt, Health Care Cost Control is Hard, and Humbling, 
7. Baicker & Chandra, Myths and Misconceptions about U.S. Health Insurance, 2008 (Health Affairs)

**Session 11-March 24th**
- The economics behind health reform
- Why does our current (pre-reform) system stink so bad?
- Health reform: Is it all going to work?
- An Exercise: unintended consequences…

**Assignments for the next class**
1. Prepare a 15 minute presentation on your final paper topic

**Session 12-March 31st**
- Student presentations on paper topics
- 15 minute presentations on topics
- 15 minutes of feedback from students and the instructor, to be incorporated into the final draft

**Assignments for the next class**
1. Frank, R., Luxury Fever, chapters 2, 5, 6, 8, 9, 11-13, 17

**Session 13-April 7**
- Understanding conspicuous consumption
- Are we moving to un-conspicuous consumption?
- Positional externalities
- How do we get out of this mess?
- Wait, is it a mess?

**Assignments for the next class**
2. Oster, S.M., Gray, C.M. & Weinberg, C. Pricing in the Nonprofit Sector

**Session 14-April 14**
- Social work and economics? What relationship for the two?
- To charge or not to charge?
- Other wrap-up questions

**FINAL PAPER DUE BY THE END OF THE DAY, APRIL 21ST**
(Please submit to Shaefer’s office by 11:59pm on April 21st)