

## ECON 101: When Markets Fail

**Welcome to ECON 101!** Economists believe in the power of markets to lead us to optimal and efficient outcomes. In this seminar, we will examine at an introductory level when markets work well, but then explore why and how they fail. We will apply this framework to a variety of contexts for debates about the role of policy in a variety of economic issues, such as climate change and health insurance, among others. In this course, you will:

1. Practice clear, concise, and convincing verbal and written communication.
2. Respectfully and actively engage in classroom discussions.
3. Understand why economists love markets.
4. Recognize when markets fail, and compare/contrast the different reasons for failure.
5. Explore the role of government policy in overcoming such market failures.
6. Evaluate both current issues and everyday situations from an economist's perspective, forming opinions about specific policy solutions.

### Lecture and Office Hours

Lecture: TuTh 9:30-10:50p, Annenberg G28

Office hours: F 10:30-11:30a, Kellogg Global Hub (KGH) 3485. (Or by appointment!)

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## The Basics

**Website** The course website is on Canvas (which you should already have access to). *Check your Canvas settings* to make sure you receive emails about announcements, as this is the primary way I will contact the class.

### Class resources

["Style: The Basics of Clarity and Grace"](#) by Joseph Williams, 2008. ISBN-13: 978-0205605354. All other readings will be made available on Canvas. Another good one (not required):

["The Sense of Style: The Thinking Person's Guide to Writing in the 21st Century"](#) by Steven Pinker, 2014 ISBN-13: 978-0670025855. You are also encouraged to purchase a 12-week subscription to *The Economist* magazine for \$12. You can do this [here](#).

### Grades

Assignment	Date	Percentage of Course Grade
Attendance, Participation, Reading	Throughout quarter	25
Paper Reflections & Peer Reviews	Throughout quarter	10
Paper 1	Draft: Oct 6 9a, Final: Oct 13 5p	15
Paper 2	Draft: Oct 20 9a, Final: Oct 27 5p	15
Paper 3	Draft: Nov 10 9a, Final: Nov 17 5p	15
Final Paper	Dec 9 12p	20

**Responsibilities** I will come to class prepared; respond to and encourage questions/discussion; be available to answer questions and provide assistance during office hours and scheduled appointments; stimulate enthusiasm for economics, writing, and learning. As a student in this class, your responsibilities are:

1. Attend class having finished all assigned readings, prepared to share thoughts/analysis with the class.
2. Actively and respectfully participate in class discussions and activities.
3. Submit all assignments on time and with a good faith effort.
4. Enjoy your first quarter at NU!

## The Details

Expect that you will be writing and speaking every class, and this will inevitably depend on the readings assigned that day and previous class topics. *It all will be infinitely less painful if you finish the readings and think about them a bit before coming to class.* You should bring to each class a list of *at least five talking points*: this will help you read critically, prepare for interesting discussions, and demonstrate your completion of the readings. I will regularly collect your talking points and in-class writing assignments in order to evaluate your participation more objectively. If it's clear to me that you have not done the readings, this will affect your participation grade significantly.

Attendance is required, as the success of a seminar course depends on your presence. You should think of participation as active engagement in class discussions and activities. While quality is more important than quantity in this regard, I expect you to contribute to discussions every class and will be tracking your participation continuously. If you are concerned about your participation grade due to shyness, please make an appointment with me.

**Turning in assignments** In this class, you will not write in a vacuum. For the three shorter papers due during the quarter (final paper excluded), you will have three due dates: a first draft due date, an in-class workshop date, and a final draft due date. Your first draft will be read by two of your fellow classmates, who will offer praise, constructive criticism, and brilliant insight into how to improve your paper during an in-class workshop. This feedback will be put to good use as you revise and edit (they are *different* steps) your work to turn in a final draft. Altogether, you will submit (1) your paper, (2) a brief reflection about your goals as well as the writing and revision process, and (3) a peer evaluation of the peer papers you critiqued. More specific instruction about these assignments will be supplied.

**Late Policy** No make-up work will be accepted out of fairness to your classmates. A paper submitted after its due date will be penalized a letter grade for each day (or fraction of a day) it is late. If you miss class for an excused reason, such as illness, a family emergency, or travel with a University sports team, then you must notify me by email *in advance* of your absence. If you are ill, you must report in person to the Student Health Service *prior to class* to provide documentation of your illness and notify me no later than 10am (Central time) if a paper is due that day. If you have > 2 unexcused absences over the quarter or miss > 1 workshop for any reason, your participation grade will fall by one letter grade. If you miss  $\geq 5$  class periods for any reason, you will fail the class.

## Even more class policies

**Email** Any email you send me should contain "ECON 101:" plus a descriptor in the subject line so that I can identify it and respond in a timely manner.

**Academic Honesty** In fairness to those who put in an honest effort, I take plagiarism of other students' work and other forms of academic dishonesty **very seriously**, and all cases involving suspected violation of the academic integrity guidelines will be referred immediately to the dean's office of Weinberg College. Any academic integrity violation will result in a grade of zero on that assignment and can result in an F for the course. At Northwestern, it is your responsibility to inform yourself of campus policies regarding academic misconduct (which can be found here: <http://www.weinberg.northwestern.edu/handbook/integrity/>). *If in doubt about something, ask me.*

It is Northwestern University policy that all student work may be analyzed electronically for violations of the University's academic integrity policy and may also be included in a database for the purpose of testing for plagiarized content. By submitting your work you are giving your consent to have it analyzed.

**Cellphone and Computer Policy** Unless there is proven necessity or a class activity requiring their use, there will be no computers, cellphones, tablets or other mobile communication devices used during class. Such devices must remain in your bag, not on your desk or lap, etc. All devices should be silenced, and students may not receive phone calls, wander the internet, or send/receive messages during class. Why am I such a Luddite about this? Because it's better for [your learning](#).

**Help Outside of Class** If you feel you are struggling (in this class, in another class, in your real life):

- Come to my office hours.
- Remember that *doing* something about it will make you feel better!
- Check out The Writing Place (<http://www.writing.northwestern.edu/>)

**Accommodations** Any student requesting accommodations related to a disability or other condition is required to register with AccessibleNU ([accessiblenu@northwestern.edu](mailto:accessiblenu@northwestern.edu); 847-467-5530) and provide me with an accommodation notification from AccessibleNU, preferably within the first two weeks of class. If you have emergency medical information you wish to share with me, or if you need special arrangements in case the building must be evacuated, inform me immediately. Please see me privately after class or during office hours. Anything discussed will remain confidential.

**Topics Covered** (subject to revision as we develop as a class and determine a reasonable pace for the quarter)

- What is economics and economic reasoning?
- Efficiency, self-interest v. social welfare, Pareto optimality, competitive markets
- Market Failure: externalities, public goods, open access, market power, asymmetric information, behavioral economics
- Role of government policy, government failure
- Applications: climate change and environmental degradation, public and higher education, intellectual property, Tragedy of the Commons, microfinance and credit markets, the Great Depression and Recession, health insurance, behavioral economics