

Making Sense of Current Economic Issues

Much of today's news involves economic issues. This course will use lectures, class discussion, and video clips to make sense of various past and current issues. Starting with basic supply and demand theory and commonly used economic statistics, we'll examine various policy issues like government price controls, regulation and cartelized industries, foreign trade and tariffs, taxation with emphasis on income taxes, product pricing and its implications for consumers, and possibly other items that appear in the news.

Supply & demand and price controls: Basic supply and demand theory and the impact of government price controls on: employee benefits during WW2, interest on bank deposits during the 50s and 60s, rental housing in New York City and NJ, oil shortages in the 70s, and minimum wage regulations. Also: Federal agricultural price support programs and restrictions on the compensation of amateur athletes.

Cartelized industries: Government regulation of various industries and occupations often results in cartels where entry is restricted. Examples include taxicabs, liquor sales, casino gambling, medical marijuana, and recent proposals to legalize recreational marijuana. Also: the OPEC cartel and some examples of occupational licensing.

Common economic statistics: Economic statistics that frequently appear in the news include: Gross Domestic Product (GDP), the unemployment rate, the national debt, stock market averages, measures of inflation, and data that's adjusted for inflation. Because we live in a "global economy", balance of trade and balance of payment statistics will also be covered.

Foreign trade and tariffs: Tariffs have become big news under the Trump administration. We'll start with the basic theory of "comparative advantage" that's used to justify free trade in a global economy, then look at America's balance of trade deficit, Trump's latest tariff schemes, and foreign trade agreements like NAFTA. Even though the U.S. and other major countries generally espouse free trade, there are many exceptions to this that include: U.S. tariffs on pick-up trucks, restrictions on sugar imports, the Jones Act that restricts foreign shipping, the Export-Import Bank, and trade sanctions directed against other countries. We'll also look at data on U.S. manufacturing relative to other countries like China.

Taxation: The class on taxation will focus mainly on the Tax Reform Act of 2017, its economic impact, and who gained and who lost as a result. We'll examine statistics on how the tax burden varies among income groups and some of the issues associated with taxation of business income and the use of tax incentives to attract businesses and stimulate development.

Pricing and consumer issues: Product pricing is something that affects all of us in our daily lives. We'll look at how sellers practice various forms of price discrimination through the use of sales, promotions, coupons, brand names, and shelf location. Interesting applications include airline pricing and college tuition/scholarships.

Other topics: We'll conclude with a few topics related to personal finance: the financial soundness of the Social Security system and a brief overview of investing, based on the article *Investment Truths that Aren't* (AARP Bulletin, Sept. 2018).

Leader: Stephen Friedlander has a PhD in economics, taught at Towson State University, and worked in regulatory policy matters at AT&T, from which he retired.

Wednesdays: 10:00 a.m. to 12 noon, 8 weeks: February 27 through April 17

Location: PSRC