

ECO 103: Outline for Class on Thursday, April 8.

For class on Thursday, April 8, we will consider how several pressing economic policy questions relate to scarcity and trade-offs.

Prior to class, I suggest that you briefly research a few of these topics.

1. President Biden has proposed spending about [\\$2 trillion on infrastructure](#). Infrastructure refers to public capital, including roads, electrical grids, broadband, etc. He proposes to pay for this with tax increases, primarily on corporate profits, including raising the top corporate tax rate from 21% to 28%.

a. How does scarcity apply to this issue?

b. What trade-offs are involved with enacting this policy?

c. What fields of economics are most concerned with this policy issue?

d. What evidence might be helpful in determining whether this policy is a good idea?

2. During the covid-19 pandemic, governments have [conducted non-pharmaceutical interventions](#) to reduce the impact of the virus, including “lockdowns” which entail business closures, school closures, and stay at home orders.

a. How does scarcity apply to this issue?

b. What trade-offs are involved with enacting this policy?

c. What fields of economics are most concerned with this policy issue?

d. What evidence might be helpful in determining whether this policy is a good idea?

3. In March, Congress passed, and President Biden signed, a [\\$1.9 trillion stimulus package](#). This bill included many types of spending including extended unemployment benefits, “stimmy” checks, and aid to state and local governments.

a. How does scarcity apply to this issue?

b. What trade-offs are involved with enacting this policy?

c. What fields of economics are most concerned with this policy issue?

d. What evidence might be helpful in determining whether this policy is a good idea?

4. There has been some discussion of [canceling student loan debt](#), where \$10,000 or \$50,000 of debt is forgiven. It is not clear whether this would be limited to public colleges and universities, or if it would only apply to Federal student loans.

a. How does scarcity apply to this issue?

b. What trade-offs are involved with enacting this policy?

c. What fields of economics are most concerned with this policy issue?

d. What evidence might be helpful in determining whether this policy is a good idea?

5. The U.S. Federal minimum wage has been \$7.25 per hour since 2009 (although some states and cities have higher levels). There has been considerable discussion of [raising this minimum wage](#), possibly to \$15 per hour.

a. How does scarcity apply to this issue?

b. What trade-offs are involved with enacting this policy?

c. What fields of economics are most concerned with this policy issue?

d. What evidence might be helpful in determining whether this policy is a good idea?