

FYS 127: The Invisible Hand

Second Writing Assignment: The Unintended Consequences of Government Policy

Distributed: Monday, September 6, 2004
Due: Wednesday, September 22nd, 2004
Suggested Length: 5-7 pages

In the article about obesity that you read for class you learned that government farm subsidies have produced an abundance of cheap corn which food manufacturers have turned into high-calorie foods. As economics would predict, as the price of a good declines, the quantity demanded rises. Thus, the increased production of food has led to a decline in the relative price of food which has led to increased consumption and according to the reporter, increased obesity.

The general underlying theme of this article is that the government's interference in the market for corn produced an unintended consequence—increased obesity. Your assignment for this paper is to find a market in which the government plays a role in managing the price or quantity of production and discuss both the intended and unintended consequences of such a program.

Your intended audience is your classmates so be sure to include sufficient detail. I suggest you start your paper by describing why the government has chosen to alter the free market outcome in your chosen market. For example, if you were writing your paper on corn subsidies, you would describe how highly variable crop yields causes highly variable income for farmers. Farmers lobbied the government to smooth their income by buying “excess” grain in bumper crop years and selling during low-harvest years. My description here is necessarily brief but you should fill in the details of the political and economic reasoning behind the government program. Reference Librarian Amy Abruzzi will help you locate resources for this part of your paper.

The next part of your paper should look at possible unintended consequences of the government's program. For example, if you were looking at corn subsidies you would describe the logic behind how those subsidies have led to increased obesity. If you are doing your paper on prohibition, you would discuss the effect of prohibition on crime.

In your conclusion you should consider a careful weighing of the costs (unintended consequences) and benefits (intended consequences) of the government program you have chosen to research. At this point you should resist drawing any strong conclusions about whether the program should or should not exist (you will get a chance to voice your opinion in the last paper of the semester). Instead, it is better (given the somewhat superficial level at which these papers are written) to simply impress upon the reader that an assessment of the overall worth of such programs must weigh the costs and the benefits taking full account of any unintended consequences.