



Yale-New Haven
Teachers Institute®

Curriculum Units by Fellows of the Yale-New Haven Teachers Institute
2013 Volume III: Sustainability: Means or Ends?

The Cost of Our Futures: Oil Markets and Government Intervention

Guide for Curriculum Unit 13.03.04
by William Lawrence McKinney

In this unit, students will examine the effects of subsidies toward fossil fuels, particularly those to petroleum. Students will learn how subsidies incentivize production and consumption of products and that while the role of government intervention in the economy is to move production toward social efficiency, the government often overlooks marginal costs to society in order to provide increased marginal benefits. That is, tangible benefits to society, like increased production, which can partly be measured by an increase in gross domestic product (GDP), often outweigh intangible costs to society like global warming and future negative environmental impacts. Students will debate the extent to which the government should intervene. Should the government prioritize innovation and promote alternative renewable energy sources or should it focus on growing the economy in whatever way is most efficient?

(Recommended for Advanced Placement Microeconomics, grades 11 and 12)

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