

Inside Government: Topics in Economic, Regulatory, and Legal Policy

Professor Lawrence Summers & Professor Cass Sunstein

To make an appointment with Professor Summers, contact Julie Shample at 617.495.9322, Julie_Shample@harvard.edu.

To make an appointment with Professor Sunstein, contact Ashley Nahlen at anahlen@law.harvard.edu.

The head teaching fellow for this course is Natasha Sarin, natasha.sarin@gmail.com .

This course explores policymaking inside the federal government, with particular reference to significant issues confronted in recent years and to the likely shape of future challenges. Students will be expected to (1) attend all classes, (2) write a short paper (10-15 pages minimum), due at the end of reading period, and (3) take a two-hour final exam. Instead of the short paper and final exam, students may opt to write a long paper (30-40 pages). **Students writing the long paper must seek permission from either Professor Summers or Professor Sunstein by February 28, 2017.**

Attendance is mandatory and we will take attendance through a sign-up sheet at the beginning of class. Students who for some reason must miss a class, leave early, or arrive late must email natasha.sarin@gmail.com at least 24 hours before class with the subject "NAME CLASS CLASSDATE" and an explanation in the body of the text. Unexcused absences will negatively affect course grade.

Several outside speakers, with substantial high-level government experience, are expected to help lead some of the sessions.

Course readings can be accessed via links on the electronic version of the course syllabus, unless otherwise indicated.

Evaluation: Students are expected to complete the course requirement by either

a) Short Paper and Final Exam

- 1) Short response paper. A response paper should have a distinctive thesis or argument. In general, it should choose an aspect of one of the topics discussed in class and present a policy recommendation backed by evidence, careful weighing of the pros and cons of various options and consideration of the political context. The short paper will be due on the last day of class, **April 18, 2017**. Submission details to follow.
- 2) Final Exam. The final exam will be a two-hour exam during exam period, date TBD. It will be closed book and intended to test the readings that are assigned throughout the semester. You will be expected to draw upon readings and in-class discussions and will need to perform your own policy analysis.
- 3) OR Long Paper. Instead of the final and short paper, students can opt to write a long research paper (30-40 pages) evaluating a policy that was pursued or

recommending a policy approach for the future in one of the areas considered in class. STUDENTS WRITING RESEARCH PAPERS SHOULD HAVE THEIR TOPIC APPROVED BY ONE OF THE INSTRUCTORS. A research paper should draw on sources well beyond those on the reading list and should go beyond what is in the existing policy literature. The long paper will be due on the last day of the law school exam period: **May 5, 2017**. Submission details to follow.

Class Schedule:

1//24 (Professor Sunstein) OIRA and Regulation

Reading:

- Lisa Heinzerling, "[A Former Insider's Reflections on the Relationships Between the Obama EPA and the Obama White House](#)," 2014.
- DeMuth and Ginsburg, "[White House Review of Agency Rulemaking](#)," pp.1075-1088.
- Sunstein, "[The Office of Information and Regulatory Affairs: Myths and Realities](#)," pp.1-37.
- James Goodwin, "[Has OIRA really improved the timeliness of its reviews? Nope, it just has a new scheme for delaying safeguards and defeating transparency](#)."

1/31 (Professor Summers) Retrospective on Economic Policy in the Obama Administration

Reading:

- Lawrence Summers. "[Memo to the President-Elect](#)." December 2008.
- Lawrence Summers. "[Review: House of Debt](#)." Financial Times. June 2014.
- Paul Krugman. "[Did He Pass the Test?](#)" New York Review of Books. July 2014.
- Alan S. Blinder and Mark Zandi. "[The Financial Crisis: Lessons for the Next One](#)." Center on Budget and Policy Priorities. 2015.
- Atif Mian and Amir Sufi. [An Excerpt from House of Debt](#). The University of Chicago Press. 2014.
- Lawrence Summers. "[The Age of Secular Stagnation: What it is and What to do about it](#)." Foreign Affairs. March/April 2016.
- "[The Liberal War over the Obama Legacy has Already Begun](#)." Washington Post. March 2016.
- Andrew Ross Sorkin. "[President Obama Weighs His Economic Legacy](#)." NYT. April 2016.
- [2017 Economic Report of the President Chapter 1: Eight Years of Recovery and Reinvestment](#). White House. December 2016.
- Ross Douthat. "[The Obama Legacy](#)." January 2017.

2/7 (Professor Summers) Future of Tax Reform

Reading:

- Diamond, Peter, and Emmanuel Saez. 2011. "[The Case for a Progressive Tax: From Basic Research to Policy Recommendations](#)." Journal of Economic Perspectives, 25(4): 165-90. [SKIM]

- Roger Altman, William Daley, John Podesta, Robert Rubin, Leslie Samuels, Lawrence Summers, Neera Tanden, and Antonio Weiss. “[Reforming Our Tax System, Reducing Our Deficit.](#)” *Center for American Progress*. December 2012. [SKIM]
- Furman, Jason. “[Keynote Speech at Tax Policy Institute’s Tax Symposium.](#)” February 20, 2014.
- “[A Better Way: Our Vision for a Confident America.](#)” June 2016.
- Alan J. Auerbach and Douglas Holtz-Eakin. “[The Role of Border Adjustment in International Taxation.](#)” November 2016.
- “[An Analysis of the House GOP Tax Plan.](#)” Tax Policy Center. September 2016.
- “[Republican Tax-Reform Plans Face Many Hurdles, Including Donald Trump.](#)” *The Economist*. January 2017.
- Reuven S. Avi-Yonah and Kimberly A. Clausing. “[Problems with Destination-Based Corporate Taxes and the Ryan Blueprint.](#)” January 2017.
- Lawrence Summers. “[US Tax Reform is Vital but Donald Trump’s Plan is Flawed](#)” *Financial Times*. January 2017.

2/14 (Brian Deese) The Relationship Between Business and Government

Reading:

- Mitt Romney. “[Let Detroit Go Bankrupt.](#)” *The New York Times*. November 18, 2008.
- Daniel J. Ikenson, “[Don’t Bail Out the Big Three,](#)” *The American*, November 21, 2008
- Steven Rattner, “[The Auto Bailout: How We Did It,](#)” *Fortune*, October 21, 2009
- Mark Roe and David Skeel, “[Assessing the Chrysler Bankruptcy.](#)” *Michigan Law Review*. 2009.
- Malcolm Gladwell, “[Overdrive,](#)” *The New Yorker*, November 1, 2010
- Todd Zywicki, “[The Auto Bailout and the Rule of Law.](#)” *National Affairs*, Spring 2011
- Lawrence Summers and Sergio Marchionne. “[Recovery Road? An Assessment of the Auto Bailout and the State of U.S. Manufacturing.](#)” *Brookings Discussion*. May 21, 2014.
- Steven Rattner. “[What Trump Doesn’t Know About Detroit.](#)” *New York Times*. August 2016.
- Steven Pearlstein. “[Donald Trump’s Carrier Deal Could Make American Capitalism Better.](#)” *Washington Post Wonkblog*. December 2016.
- Lawrence Summers. “[Trump’s Carrier Deal Could Permanently Damage American Capitalism.](#)” *Washington Post Wonkblog*. December 2016.
- Mark Phelan. “[The Truth Behind Trump, the Auto Industry, and Mexico.](#)” *Detroit Free Press*. January 2017.
- Jamie Butters, David Welch, and Keith Naughton. “[Trump is Squeezing Detroit at the Worst Possible Time.](#)” *Bloomberg*. January 2017.
- Brian Deese. “[Trump’s Corporate Bullying Will Only Hurt Americans.](#)” *Washington Post*. February 2016.

2/21 (Professor Sunstein) (Professor Sunstein) Cost-Benefit Analysis and Its Limits

Reading:

- Heinzerling and Ackerman, [Pricing the Priceless: Cost Benefit Analysis of Environmental Protection](#). Georgetown Law Center (2002).
- “Sunstein, [The Real World of Cost Benefit Analysis: Thirty-Six Questions \(and Almost as Many Answers\)](#)”, Harvard Public Law Working Paper (2013).

2/28 (Professor Sunstein) Behavioral Economics and Policy Making

Reading:

- Sunstein and Thaler, [Libertarian Paternalism is Not an Oxymoron](#). University of Chicago Law Review (2003).
- Glaeser, [Paternalism and Psychology](#). Regulation, Vol. 29, No. 2. (2006)
- Bubb and Pildes, [How Behavioral Economics Trims its Sails and Why](#). Harvard Law Review (2013). [Note: read through end of “Retirement Savings,” pg. 1637]
- Sunstein, “[Nudging: A Very Short Guide](#).” 37 J. Consumer Pol’y 583 (2014).
- [Executive Order 13707: Using Behavioral Insights to Better Serve the American People](#). (2015).
- Sunstein, “[Making Government Logical](#).” NYT. September 2015.

3/7 (Professor Sunstein) Climate Change

Reading:

- William Nordhaus. “[Why the Global Warming Skeptics are Wrong](#).” The New York Review of Books. March 2012.
- “[Gambling with Civilization](#).” The New York Review of Books. November 2013.
- Clare Foran. “[Donald Trump and the Triumph of Climate-Change Denial](#).” The Atlantic. December 2016.
- “[Overriding Consumer Preferences with Energy Regulations](#).” Ted Gayer and W. Kip Viscusi. 2012.
- Alcott, Hunt and Michael Greenstone. “[Is There an Energy Efficiency Gap](#).” Journal of Economic Perspectives. 2012.
- Lawrence Summers. “[Let this be the year when we put a proper price on carbon](#).” *Financial Times*. January 2015.
- Goodell, Jeff. “[Will the Paris Climate Deal Save the World?](#)” Rolling Stone. January 2016.
- Roegelj, Joeri et al. “[Paris Agreement climate proposals need a boost to keep warming well below 2 °C](#)” Nature. January 2016.
- Sunstein, Cass. “Changing Climate Change, 2009-2016.” Preliminary Draft.
- Brian Deese. “[How Using Less Oil Helps the Economy](#).” January 2017. Wall Street Journal.

3/21 (Professor Sunstein) Surveillance and Foreign Policy

- Glenn Greenwald. “[Edward Snowden: The Whistleblower Behind the NSA Surveillance Relations](#).” The Guardian. June 2013.
- Michael Morrell. “[Correcting the Record on the NSA Recommendations](#).” Washington Post. December 2013.

- [“Liberty and Security in a Changing World: Report and Recommendations of the President’s Review Group on Intelligence.”](#) December 2014. (NOTE: Read Executive Summary of Report, pg. 14-23)
- Benjamin Wittes. [“The Problem at the Heart of the NSA Disputes: Legal Density.”](#) February 2014.
- Daniel Byman and Benjamin Wittes. [“Reforming the NSA: How to Spy After Snowden.”](#) May/June 2014.
- Timothy B. Lee. [“Donald Trump’s Most Chilling Comment on the DNC Hack had Nothing to Do with Russia.”](#) Vox. July 2016.
- Uri Friedman. [“What the DNC Hack Could Mean for Democracy.”](#) Atlantic. August 2016.
- Chris Strohm. [“FBI and NSA Poised to Gain New Surveillance Powers Under Trump.”](#) Bloomberg. November 2016.
- Larry Diamond. [“The Most Urgent Questions about the Russia Hacks.”](#) Atlantic. December 2016.
- Samantha Power. [“Remarks to the Atlantic Council on Russia.”](#) January 2017.
- Samantha Power. [“Remarks on Aleppo.”](#) December 2016.
- Optional: [Samantha Power on Foreign Policy Threats.](#) (VIDEO). May 2015.

3/28 (Professor Summers) Healthcare

Reading:

- David Cutler. [“Should Healthy People Have to Pay for Chronic Illnesses?”](#). *Washington Post*. March 17 2017.
- David Cutler. [“Promises Made, Promises Broken: The Failure of the American Health Care Act”](#). *news@JAMA*. March 22 2017.
- Atul Gawande. [“The Cost Conundrum.”](#) *The New Yorker*. June 2009.
- [“The Memo that Could Have Saved Obamacare.”](#) *Washington Post*. November 2013.
- Ezekiel J. Emanuel. [“Comparing Obamacare to Its Alternative.”](#) *New York Times*. January 2014.
- [“Obamacare, the Unfinished Success.”](#) Bloomberg View. September 2015.
- Gregory Mankiw and Lawrence Summers. [“Uniting Behind the Divisive ‘Cadillac’ Tax on Healthcare.”](#) NYT Upshot. October 2015.
- Barack Obama. [“United States Health Care Reform: Progress to Date and Next Steps.”](#) JAMA. August 2016.
- Stuart M. Butler. [“The Future of the Affordable Care Act: Reassessment and Revision.”](#) JAMA. August 2016.
- James Hamblin. [“Health Under Trump.”](#) The Atlantic. November 2016.
- [“Why Repealing the ACA before replacing it won’t work, and what might.”](#) Brookings. December 2016.
- Ross Douhat. [“Repeal and Compete.”](#) NYT. January 2017.
- Russell Berman. [“The Republican Health Plan that Doesn’t Repeal Obamacare.”](#) Atlantic. January 2017.
- David Leonhardt. [“The Fight for Obamacare has Turned.”](#) New York Times. February 2017.

4/4 (Professor Summers) Financial Regulation

Reading:

- Systemic Risk Council. "[Statement to G20 Leaders](#)", February 2017. [Click through to full letter]
- Lawrence Summers. "[Reforming and Renewing the Financial System](#)." Remarks at the Pew Charitable Trust. 2010
- Elizabeth Warren. "[Elizabeth Warren's Searing Anti-Wall Street Speech Struck a GOP Nerve](#)." December 2014. (watch speech)
- Matthew Yglesias. "[Donald Trump's Administration is going to be a Bonanza for Bankers](#)." Vox. November 2016.
- Natasha Sarin and Lawrence Summers. "[Understanding Bank Risk through Market Measures](#)." Brookings Papers on Economic Activity, forthcoming.
- [2017 Economic Report of the President Chapter 6: Strengthening the Financial System](#). White House. December 2016. [SKIM]
- Aaron Klein. "[The Future of Financial Reform under President Trump](#)." Bloomberg. November 2016.
- Patrick Jenkins and Ben McLannahan. "[Trump's Deregulatory Stance Expected to Dilute Financial Reforms](#)." Financial Times. November 2016.
- [Dodd Frank's Future Under the Trump Administration](#). January 2017. [Watch Video]

4/11 (Professor Sunstein) Social Cost of Carbon

- Greenstone, Kopits, and Wolverton. [Developing a Social Cost of Carbon for U.S. Regulatory Analysis: A Methodology and Interpretation. Review of Environmental Economics](#). 2013.
- Sunstein, Cass. "[On Not Revisiting Official Discount Rates: Institutional Inertia and the Social Cost of Carbon](#)." *American Economic Review: Papers and Proceedings*. 2014.
- Pzier, William et. al. "[Using and Improving the Social Cost of Carbon](#)." Science. December 2014.
- Metclaf, Gilbert and Jim Stock. "The Role of Integrated Assessment Models in Climate Policy: A User's Guide and Assessment." 2015. Working Paper.

4/18 Professor Summers) Future of Trade Policy

- Lawrence Summers. "[Globalization That Works for People](#)" Remarks to the Democratic Leadership Annual Conference, Washington, D.C. October 14, 1999.
- David H. Autor, David Dorn, and Gordon H. Hanson. "[The China Syndrome: Local Labor Market Effects of Import Competition in the United States](#)." AER 2013. (SKIM)
- Jason Furman. "[Trade, Innovation, and Economic Growth](#)." Speech at The Brookings Institution. April 2015.
- Lawrence Summers. "[Rescuing Free Trade Deals](#)." Washington Post. June 2015.
- John Cassidy. "[RIP, Free Trade Treaties](#)." The New Yorker. June 2015.
- Michael Froman. "[The US Trade Agenda and the Trans-Pacific Partnership](#)." Council on Foreign Relations. October 2015.
- "[The Trans-Pacific Partnership and US Trade Policy](#)." Council on Foreign Relations. November 2016.
- "[How Donald Trump thinks about trade](#)." The Economist. November 2016.

4/25 (Professor Summers) Gridlock and Bipartisanship

- Morris P. Fiorina. "[Parties and Partisanship: A Forty Year Retrospective.](#)" Pol. Beh. Vol. 24, No. 2., pp. 93-115. 2002.
- Russell Feingold. [Campaign Finance Reform.](#) 22 Yale L. & Pol. Rev. 339. 2004.
- Michael Kang. "[The Bright Side of Partisan Gerrymandering.](#)" Cornell J. L. and Pub. Pol., Vol. 14, No. 3, 2005.
- Thomas Geoghegan. "[Busting the Filibuster](#)" *The Nation*, August 2009.
- Robert Draper. "[The League of Dangerous Mapmakers.](#)" *The Atlantic*, October 2012.
- Trent Lott and Tom Daschle. "[How America Can Reverse its Downward Political Spiral in 2016.](#)" Washington Post. December 2015.
- Amanda Taub. "[The rise of American Authoritarianism.](#)" Vox. March 2016.
- Gerald Seib. "[Behind the Rise of Populism, Economic Angst.](#)" Wall Street Journal. January 2016.
- Theda Skocpol and Alexander Hertel-Fernandez. "[The Koch Network and Republican Party Extremism.](#)" April 2016.
- "[Gridlock Central.](#)" The Economist. August 2016.
- "[Donald Trump's Path to Bipartisanship.](#)" Bloomberg. December 2016. [video]