

## **ECONOMICS 28 – PUBLIC FINANCE AND PUBLIC POLICY**

### **Syllabus**

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Class time: TuTh 10:20-12:10, X-hour: F 4:00-4:50

Office hours: W 1:00-3:00, or by appointment.

Zoom info: Posted on Canvas

Final Exam: TBA

### **Overview**

Government policies exert a pervasive influence over the economy and the welfare of its inhabitants. This course aims to provide an understanding of the reasons for government intervention in the economy, as well as conceptual tools for analyzing the benefits of potential government policies and the reactions of individuals to policy interventions. The course first examines inequality and redistribution through the tax system. Next, it covers social insurance, externalities, public goods, and local government functions. Several lectures will be devoted to specific policy areas such as health care, gender and family policy, and crime and safety. A central goal of the course is to connect core economic concepts to current, real-world policy debates such as proposals for Medicare for All, Universal Basic Income, or defunding the police.

### **Readings**

The textbook is Jonathan Gruber, Public Finance and Public Policy (MacMillan, 5th Edition). *If you encounter financial challenges related to this class, please let me know.*

There will popular media articles and/or podcasts assigned for each class. Links are provided on the syllabus and PDF copies (when applicable) will be posted on Canvas. These should be read (or watched/listened to) before class. By 9AM on class days, each student is required to write one post on the Canvas discussion boards about the day's media readings. Questions or responses to already-posted questions are acceptable. Suggested discussion ideas will sometimes be posted on Canvas along with the assigned media readings.

### *Access to NYTimes and WSJ*

Dartmouth students, faculty and staff now have unlimited access to nytimes.com and the Wall Street Journal. Consult these links to register for an account:

<https://sites.dartmouth.edu/library/2018/05/14/new-york-times-online-access-now-available/>  
<https://libanswers.dartmouth.edu/faq/29196>

You can also access the weekly newspaper *The Economist* online through the Dartmouth Library.

*If you have trouble accessing any course materials, please email me. Thanks!*

### **Class Meetings**

The plan is for most class meetings to follow this structure:

10:20-11:20: Lecture; 11:20-11:25: Break; 11:25-12:10: Discussion.

In the first hour, we will cover key concepts in a lecture format. After lecture, we will take 5-minute break. Note that I still encourage your participation (by asking questions or making comments) during the lecture segments. The second 45-minutes will emphasize discussion. These discussions will focus on connecting the class's core economic concepts to real-world policy issues. Discussions will often focus on the day's media readings and may expand on the Canvas discussion board activity prior to the lecture. The Discussion section of class may also entail working through problems in class or mini group-projects using Zoom breakout rooms.

### **Zoom Etiquette**

Whenever possible, I strongly encourage you to keep your webcams on during class. During lecture segments, please use the chat window and/or raise hand features to ask questions.

### **Grading**

Participation: 20%

Participation scores are based on whether you post on the discussion boards before each class (5%) and on your level of engagement in class discussions (15%).

Group Project: 20%

There will be a group project assigned at the start of week 7 (10/27). The project will entail developing a policy proposal and explaining the rationale for and benefits of the policy using concepts from class. Each group will turn in a short (~5-page) report and present on their proposal for 10-15 minutes during the final class meeting on 11/17.

Written Quizzes: 30%

Our two written quizzes ("midterms") will be during class time on Tuesday 10/6 and Tuesday 10/27. The better of your two quiz scores will count for 20% of the final grade and the worse of your two scores will count for 10% of the final grade. These quizzes will be open-note and open-book but will be timed.

Final Exam: 30%

The cumulative final exam will be a "take-home" exam and will be due five days after it is distributed. Distribution and due dates are TBD but will be after the final class.

If you have a question about the grading of a quiz or exam, you must see me within *two weeks* of the date. I will hold on to the final exams for one year after the term is over.

**Economics Department Exam Policies**

Midterm exams (written quizzes in our case) and final exams must be taken at the scheduled times. Final exams are scheduled well in advance of the beginning of the term and all midterm exam dates are on the syllabus. If your travel plans at the end of the term conflict with the scheduled final exam you should not take this class this term.

- Exceptions may be made for Dartmouth-sponsored events such as varsity sports and other activities related to your Dartmouth education.
- On rare occasions, there may be a conflict with the final exam in another class. If possible, these conflicts will be resolved by taking the final exam for one of those classes during a different final exam period on the same day.
- Acute events, such as an illness or a death in the family will be handled on a case-by-case basis.

In all cases, please inform me as soon as you are aware of any potential conflict.

**Honor Principle**

Cheating devalues the worth of the grading system for everyone in the class. Students who cheat degrade the worth of the Dartmouth College degree for themselves and all of their peers. Cheating undermines the mutual trust and respect between faculty and students. I will not tolerate cheating. I am strongly committed to assigning grades based on honest efforts on quizzes, assignments, and the final exam, and to ensuring that students who do honest work are not disadvantaged by students who cheat. I expect that all students will uphold Dartmouth's honor principle.

For full details see: <http://www.dartmouth.edu/judicialaffairs/honor/students.html>

**Religious observances**

Some students may wish to take part in religious observances that occur during this academic term. If you have a religious observance that conflicts with your participation in the course, please meet with me before the end of the second week of the term to discuss appropriate accommodations.

**Names and Pronouns**

In this classroom, we will respect and refer to people using the names and personal pronouns that they share. If you think I may use incorrect pronouns for you or if I have used incorrect pronouns for you, please email me and I will do my best to use the pronouns you identify with.

**Students with Disabilities**

Students with disabilities who may need disability-related academic adjustments and services for this course are encouraged to see me privately as early in the term as possible. Students requiring disability-related academic adjustments and services must consult the [Student Accessibility Services office](#) (Carson Hall, Suite 125, 646-9900). Once SAS has authorized services, students must show the originally signed SAS Services and Consent Form and/or a letter on SAS letterhead to their professor. As a first step, if students have questions about whether they qualify to receive academic adjustments and services, they should contact the SAS office. All inquiries and discussions will remain confidential.

- Any extra time for exams will be contiguous with the scheduled exam time if at all possible. Generally, students will start the exam early and finish with the rest of the class or start with the rest of the class and finish late.
- In the week before each exam it is your responsibility to verify all arrangements by email. It is your responsibility to make sure that the time and place for your exam is clear before the day of the exam for each exam during the term.

### Wellness Resources

I recognize that the academic environment at Dartmouth is challenging, that our terms are intensive, and that classes are not the only demanding part of your life. There are a number of resources available to you on campus to support your wellness, including:

- Your undergraduate dean (<http://www.dartmouth.edu/~upperde/>),
- Counseling and Human Development (<http://www.dartmouth.edu/~chd/>), and
- Student Wellness Center (<http://www.dartmouth.edu/~healthcd/>).

I encourage you to use these resources.

### Consent to Record Policy

#### *(1) Consent to recording of course and group office hours*

*a) I affirm my understanding that this course and any associated group meetings involving students and the instructor, including but not limited to scheduled and ad hoc office hours and other consultations, may be recorded within any digital platform used to offer remote instruction for this course;*

*b) I further affirm that the instructor owns the copyright to their instructional materials, of which these recordings constitute a part, and distribution of any of these recordings in whole or in part without prior written consent of the instructor may be subject to discipline by Dartmouth up to and including expulsion;*

*b) I authorize Dartmouth and anyone acting on behalf of Dartmouth to record my participation and appearance in any medium, and to use my name, likeness, and voice in connection with such recording; and*

*c) I authorize Dartmouth and anyone acting on behalf of Dartmouth to use, reproduce, or distribute such recording without restrictions or limitation for any educational purpose deemed appropriate by Dartmouth and anyone acting on behalf of Dartmouth.*

#### *(2) Requirement of consent to one-on-one recordings*

*By enrolling in this course, I hereby affirm that I will not under any circumstance make a recording in any medium of any one-on-one meeting with the instructor without obtaining the prior written consent of all those participating, and I understand that if I violate this prohibition, I will be subject to discipline by Dartmouth up to and including expulsion, as well as any other civil or criminal penalties under applicable law.*

## Course Outline

*This course outline is preliminary. I will make regular updates (as needed) to the course outline on Canvas as needed.*

### 1. [9/15] Introduction: The Role of Government

*Note: This lecture covers material from Gruber Chapter 1.*

### 2. [9/17] Income Inequality

Cohen, Patricia. A bigger economic pie, but a smaller slice for half of the U.S. NYT, 12/6/16.  
<https://www.nytimes.com/2016/12/06/business/economy/a-bigger-economic-pie-but-a-smaller-slice-for-half-of-the-us.html>

Planet Money Indicator: Inequality in America.

<https://www.npr.org/sections/money/2019/03/07/701268714/inequality-in-america>

Krueger, Alan. The economics of Rihanna's superstardom. NYT, 6/1/19.

<https://www.nytimes.com/2019/06/01/opinion/sunday/music-economics-alan-krueger.html>

### [9/18 X-Hour] Review of Consumer Theory (OPTIONAL)

Gruber Chapter 2

### 3. [9/22] Taxation Basics: Incidence and Efficiency

Gruber Chapter 19, 20.1

Badger, Emily. The poor pay for parking but can't afford a car. WaPo, 6/15/16.

<http://buildabetterburb.org/poor-people-pay-for-parking-even-when-they-cant-afford-a-car/>

Bartlett, Bruce. Who pays the corporate income tax? NYT, 2/19/13.

<https://economix.blogs.nytimes.com/2013/02/19/who-pays-the-corporate-income-tax/>

### 4. [9/24] Income Taxation 1

Gruber, 21.1-21.2

Mankiw, N. Gregory. I can afford higher taxes. But they'll make me work less. NTY, 10/9/10.

<https://www.nytimes.com/2010/10/10/business/economy/10view.html>

Taxing the wealthy: Diving into the rich pool. The Economist, 9/24/11.

<https://www.economist.com/briefing/2011/09/24/diving-into-the-rich-pool>

## 5. [9/29] Income Taxation 2

Gruber, Chapter 18.1-18.3

Edsall, Thomas. Just right inequality. NYT, 3/4/14.

<https://www.nytimes.com/2014/03/05/opinion/edsall-just-right-inequality.html>

Matthews, Dylan. How to tax the rich, explained. Vox, 3/19/19.

<https://www.vox.com/2019/3/19/18240377/estate-tax-wealth-tax-70-percent-warren-sanders-aoc>

Planet Money: A surprisingly uncontroversial program that gives money to poor people.

<https://www.npr.org/sections/money/2013/03/15/174358638/a-surprisingly-uncontroversial-program-that-gives-money-to-poor-people>

## 6. [10/1] Social Assistance

Gruber Chapter 17.2-17.5, 21.3

Planet Money #796: The Basic Income Experiment

<https://www.npr.org/sections/money/2017/09/22/552850245/episode-796-the-basic-income-experiment>

Heller, Nathan. Who really stands to win from universal basic income? New Yorker, 7/9/18

<https://www.newyorker.com/magazine/2018/07/09/who-really-stands-to-win-from-universal-basic-income>

*OPTIONAL: The history of welfare programs and welfare reform in the U.S. is very interesting! Season 1 of the Marketplace Podcast, "The Uncertain Hour" is a great listen on the topic.*

## 7. [10/6] Quiz #1

Covers Lectures 1-6

## 8. [10/8] Introduction to Social Insurance

Gruber Chapter 8

Planet Money #797: Flood money.

<https://www.npr.org/sections/money/2017/09/29/554603161/episode-797-flood-money>

Planet Money #818: The problem of the root.

<https://www.npr.org/sections/money/2018/01/17/578687175/episode-818-the-problem-of-the-root>

## 9. [10/13] Health Care 1

Gruber Chapter 15

Media Readings TBD

**10. [10/15] Health Care 2**

Gruber Chapter 16  
Media Readings TBD

**11. [10/20] Income Insurance**

Gruber Chapter 14  
Thompson, Derek. The case for and against unemployment insurance. The Atlantic, 7/1/10.  
<https://www.theatlantic.com/business/archive/2010/07/the-case-for-and-against-unemployment-insurance/60046/>  
Joffe-Walt, Chane. Unfit for work: the startling rise of disability in America. NPR.  
<https://apps.npr.org/unfit-for-work/>

**12. [10/22] Gender and Family Policy**

Miller, Claire. Children hurt women's earnings but not men's. NYT, 2/5/18.  
<https://www.nytimes.com/2018/02/05/upshot/even-in-family-friendly-scandinavia-mothers-are-paid-less.html>  
Goldin, Claudia. How to win the battle of the sexes over pay. NYT 11/10/17.  
<https://www.nytimes.com/2017/11/10/business/how-to-win-the-battle-of-the-sexes-over-pay-.html>  
Planet Money Indicator. Where the gender pay gap is the widest.  
<https://www.npr.org/2019/08/12/750583111/the-gender-gap-series-where-the-gender-pay-gap-is-widest>

**13. [10/27] Quiz #2**

Covers Lectures 8-12

**14. [10/29] Externalities**

Gruber, Chapter 5.1-5.5  
Irfan, Umair. The law that's helping fuel Delhi's deadly air pollution. Vox, 11/8/19.  
<https://www.vox.com/science-and-health/2019/11/8/20948348/delhi-india-air-pollution-quality-cause>  
Gillis, Justin. A price tag on carbon as a climate rescue plan. NYT, 5/30/14.  
<https://www.nytimes.com/2014/05/30/science/a-price-tag-on-carbon-as-a-climate-rescue-plan.html>  
Critical Value #27: The green new deal.  
<https://www.urban.org/criticalvalue/27-the-green-new-deal>  
Planet Money #949: The Pigou club

<https://www.npr.org/2019/10/29/774494691/episode-949-the-pigou-club>

## 15. [11/3] Public Goods

Gruber, Chapter 7

Planet Money: Lighthouses, Autopsies, and the Federal Budget

<https://www.npr.org/sections/money/2012/02/14/146889446/the-tuesday-podcast-lighthouses-autopsies-and-the-federal-budget>

Marketplace: Is health care a “private good” or a “public good” during the pandemic?

<https://www.marketplace.org/2020/03/13/health-care-public-private-good-pandemic/>

## 16. [11/5] Local Governments and Place-Based Policies

Gruber, Chapter 10

State and local taxes are worsening inequality. NYT, 7/20/19.

<https://www.nytimes.com/2019/07/20/opinion/sunday/inequality-taxes.html>

Florida, Richard. Don’t move people out of distressed places. Instead, revitalize them. CityLab, 9/12/19.

<https://www.bloomberg.com/news/articles/2019-09-12/focus-economic-policy-on-places-not-just-people>

Jaffe, Eric. Public transit is worth way more to a city than you might think. CityLab, 8/14/13.

<https://www.bloomberg.com/news/articles/2013-08-14/public-transit-is-worth-way-more-to-a-city-than-you-might-think>

Critical Value #17: Opportunity zones and community development.

<https://www.urban.org/criticalvalue/17-opportunity-zones-and-community-development>

## 17. [11/10] Crime and Public Safety

Yglesias, Matt. The case for hiring more police officers. Vox, 2/13/19.

<https://www.vox.com/policy-and-politics/2019/2/13/18193661/hire-police-officers-crime-criminal-justice-reform-booker-harris>

Yglesias, Matt. Growing calls to “defund the police,” explained. Vox, 6/3/20.

<https://www.vox.com/2020/6/3/21276824/defund-police-divest-explainer>

[Reading on Mass Incarceration]

## 18. [11/12] Housing Policy

Media Readings TBD

## 19. [11/17] Group Project Presentations and Wrap-Up