

Syllabus
Public Policy 1700
Economics and Public Policy
Spring 2008

Basic Information

Professor: Brian G. Knight
Office: Robinson 102C
Office phone: 863-1584
Office hours: 10:00am-noon Tuesdays
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Meets Thursdays 9:00am-11:20am

Course Description

An economic analysis of major social programs in the United States with a focus on the redistribution of income and incentive effects created by the programs. Specific policy issues to be examined are welfare, Medicaid, Earned Income Tax Credit (EITC), anti-discrimination policies, and school finance reform.

Prerequisites:

Intermediate microeconomics (ECO1110 or equivalent)
Statistics or econometrics (PS1600 or ECO1620 or equivalent)

Course format

This course is a research seminar and thus student participation is key to our collective learning. I expect that you will learn as much, if not more, from the other students than from the professor. The format of each seminar will be as follows. During the first hour of the seminar, two students will present the assigned readings. Following a short break, we will spend the second hour in a more informal setting discussing issues arising from the readings.

Each of you will be responsible for helping me in presenting the material and organizing the discussion during one or two lectures (depending upon class size). You will likely share this responsibility with one or two other students. Along with your fellow students, you should prepare a presentation covering the material. You should be prepared to compare and contrast the 1) questions, 2) assumptions, 3) methods, 4) conclusions, and 5) policy implications of the studies. I will do my best to assign you topics that align well with your interests. Your performance during these weeks will determine **25 percent** of your course grade.

Class participation

During the weeks in which you are not leading the discussion, you are expected to have read the required readings and to participate in class discussions.

To encourage discussion and close reading of the material, I would like for you to bring to class a paper copy of two questions and two comments on the readings. An example of a question is “Why did the author measure variable X using method Y rather than method Z? Method Z might be preferred to several reasons...”. An example of a comment is “This finding has several implications for the introduction of school vouchers. First, ...”.

Students will be evaluated on the quality of submitted questions and comments and, more importantly, verbal participation during seminar. Good participation will be original, grounded in economic principles, and backed by empirical evidence. Comments that are vague, repetitive, unrelated to the current topic, disrespectful of others, and without sufficient foundation will be evaluated negatively. Given the importance of class discussions, attendance is mandatory and points will thus be deducted for absences for which I do not give prior approval. Your performance in class discussions excluding the session in which you lead will determine **25 percent** of your course grade.

Course paper

The final **50 percent** of your grade will be determined by a course paper. The paper should answer a “question” related to one of the sections of the course. You may wish to write a paper on the topic for which you have been assigned to lead the weekly discussion. Your paper will be evaluated according to the following criteria:

1. A starting point for the paper is a synthesis of the course readings required to answer your question. This synthesis should **not** be a restatement of the abstracts of the papers but rather should compare and contrast the methods and findings of the papers.
2. The next step is to conduct a broader literature review, including papers not listed on the syllabus, in order to bring additional evidence to bear on your question. For other papers in the literature, you may wish to consult the reference listing of the papers on the syllabus. Other tools for conducting literature reviews include Google Scholar, ECONLIT, and JSTOR, all of which are available at the Brown University’s library’s website.

The following deadlines pertain to the paper:

March 20: A proposal for the paper of 1,500 words or less (about 5 pages). This proposal should state the question that you are asking, an initial list of references, and your initial interpretation of what you have read. This draft will not be graded, but I will try to provide you specific comments. The closer this proposal is to a first draft, the more feedback I will be able to provide you.

April 24: The final draft of the paper is due. The paper should be 3,000 words or less (about 10 pages). I will grade this draft according to the criteria described above.

Enrollment Criteria

This is a limited enrollment course. To the extent that excess demand remains, I will use the following criteria in admitting students:

- 1) Attendance
- 2) Prerequisites
- 3) Preregistration
- 4) Junior or senior standing

I will post the list of accepted students on my office door (102C Robinson) by noon on Monday, February 4. If you are admitted but decide to drop the course, **please email me** so that other students can enroll. I will also keep a waiting list. If you would like to know your status on the waiting list, please email me.

Course Schedule

0. January 24: Introduction

1. January 31: Education Finance

| Author | Title | Journal | Paper |
|-----------------|---|---|---------------------|
| Hoxby, Caroline | <i>background reading:</i> "Are Efficiency and Equity in School Finance Substitutes or Complements" | Journal of Economic Perspectives, 10(4), 51-72, Autumn 1996 | pdf |
| Rouse, Cecilia | "Private School Vouchers and Student Achievement: An Evaluation of the Milwaukee Parental Choice Program" | Quarterly Journal of Economics, May 1998. | pdf |
| Hoxby, Caroline | "Does Competition Among Public Schools Benefit Students and Taxpayers" | American Economic Review, 2000. | pdf |

2. February 7: Education Finance

| Author | Title | Journal | Paper |
|-------------------------------|--|-----------------------------------|---------------------|
| Card, David and Abigail Payne | School Finance Reform, the Distribution of School Spending, and the Distribution of Test | Journal of Public Economics, 2002 | pdf |

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| | Scores | | |
| Gordon, Nora | "Do Federal Grants Boost School Spending? Evidence from Title I" | Journal of Public Economics, 2004 | pdf |

3. February 14: Welfare and Welfare Reform

| Author | Title | Journal | Paper |
|---|---|--|---------------------|
| Blank, Rebecca | <i>background reading</i> : "Policy Watch: The 1996 Welfare Reform Act" | Journal of Economic Perspectives, 11(1), 169-77, Winter 1997 | pdf |
| Gelbach, Jonah | "Migration, the Lifecycle, and State Benefits" | Journal of Political Economy, October 2004. | pdf |
| Figlio, David and Van Koplin and William Reid | "Do States Play Welfare Games?" | Journal of Urban Economics, 46, 437-454, 1999. | pdf |

4. February 21: Welfare and Welfare Reform

| Author | Title | Journal | Paper |
|--|--|---|---------------------|
| Grogger, Jeff and Charles Michalopoulos | Welfare Dynamics Under Time Limits | Journal of Political Economy, forthcoming | pdf |
| Ziliak, James, David Figlio, Elizabeth Davis, and Laura Connolly | "Accounting for the Decline in AFDC Caseloads: Welfare Reform or the Economy?" | Journal of Human Resources, 35(3), 570-586, Summer 2000 | pdf |
| Grogger, Jeff | "Welfare Transitions in the 1990s" | NBER working paper 9472. | pdf |

5. February 28: Medicaid

| Author | Title | Journal | Paper |
|-------------------|----------------------------------|--|---------------------|
| Weil, Alan | There's Something About Medicaid | Health Affairs, 2003, 22(1), 13-30 | pdf |
| Currie and Gruber | "Saving Babies" | Journal of Political Economy, 104, 1263-96 | pdf |
| Cutler, David | "Does Public Insurance Crowd | Quarterly Journal | pdf |

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|---------------------|-------------------------|--------------------------------------|--|
| and Jonathan Gruber | Out Private Insurance?" | of Economics, 111(2), 1996, 391-430. | |
|---------------------|-------------------------|--------------------------------------|--|

6. March 6: Medicaid

| Author | Title | Journal | Paper |
|--|---|---|---------------------|
| Baicker, Katherine | "Government Decision-making and the Incidence of Federal Mandates" | Journal of Public Economics, 2001, 82, 147-194. | pdf |
| Baicker, Katherine and Douglas Staiger | "Fiscal Shenanigans, Targeted Federal Health Care Funds, and Patient Mortality" | NBER working paper 10440 | pdf |

7. March 13: Earned Income Tax Credit

| Author | Title | Journal | Paper |
|--------------------------|--|--|---------------------|
| Levinson, Arik | "Labor Supply and Participation Effects of the EITC" | Working paper, 2002 | pdf |
| Eissa, N. and J. Leibman | "Labor Supply Responses to the Earned Income Tax Credit" | Quarterly Journal of Economics, 111(2), 1996, 391-430. | pdf |

8. March 20: Earned Income Tax Credit

| Author | Title | Journal | Paper |
|--------------------------------|--|--|---------------------|
| Eissa, N, and H. Hoynes | "Taxes and the Labor Market Participation of Married Couples: the Earned Income Tax Credit?" | Journal of Public Economics, 88, 2004, 1931-1958 | pdf |
| Meyer, Bruce and Dan Rosenbaum | "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers" | The Quarterly Journal of Economics, 2001, 1063-1114. | pdf |

9. April 3: Economics of Discrimination

| Author | Title | Journal | Paper |
|----------------|---|--|---------------------|
| Arrow, Kenneth | Background Reading "What Has Economics to Say About Racial Discrimination?" | The Journal of Economic Perspectives, Vol. 12, No. 2. (Spring, 1998), pp. 91-100 | pdf |

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|---|--|---|---------------------|
| Neal, Derek and W. Johnson, | “The Role of Premarket Factors in Black-White Wage Differences?” | Journal of Political Economy, Vol. 104, No. 5. (Oct., 1996), pp. 869-895. | pdf |
| Marianne Bertrand, Sendhil Mullainathan | “Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination” | NBER working paper 7363 | pdf |

10. April 10: Economics of Discrimination

| Author | Title | Journal | Paper |
|------------------------------------|--|---------------------------|---------------------|
| Price, Joseph and Wolfers, Justin | “Racial Discrimination Among NBA referees” | NBER working paper 13206. | pdf |
| Antonovics, Kate and Knight, Brian | “A New Look at Racial Profiling” | NBER working paper 10634. | pdf |

11. April 17: Student Paper Presentations

12. April 24: Student Paper Presentations