

## COURSE OUTLINE

Rockefeller Center  
Economics of Public Policymaking  
Summer 2009

Professor Charlie Wheelan  
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Office hours: Wednesdays 10:00 a.m.-12:00 p.m. or by appointment

### **OBJECTIVES**

The course will use the basic tools of economics to analyze the most significant current public policy issues in the United States. Given the time constraints of the course, we will focus on the most significant issues facing the new presidential administration. The goal is to understand both the substance and politics of each issue. We will examine the effects of recent policy changes and analyze the likely effects of prospective reforms, particularly those that are currently being debated.

In general, the Tuesday class will provide background on the policy issue at hand. The Thursday class will consist of student presentations and discussion. Given the broad scope of the course, students should expect a heavy reading load.

### **BLACKBOARD**

There is a Blackboard site for the course where announcements, readings, grades and other material related to the course will be posted.

### **READING**

The required texts are available at Wheelock Books. All other readings will be posted on the Blackboard site. You are responsible for doing all readings before the class for which they are assigned.

#### Required Texts:

Wheelan, Charles. *Naked Economics*. W.W. Norton & Company.

Heckman and Krueger. *Inequality in America: What Role for Human Capital Policies?* MIT Press.

Irwin, Douglas. *Free Trade Under Fire*. Princeton University Press.

Kenneth Feinberg. *What is Life Worth? The Unprecedented Effort to Compensate the Victims of 9/11*. Public Affairs Press

## ASSIGNMENTS

- Quizzes: There will be regular quizzes on the assigned readings. The quizzes may or may not be announced in advance. The quizzes will be drawn from the reading but will also ask you to analyze policy questions based on material covered in the course to date.
- Group Presentation: Each student will participate in one group presentation. The purpose of the presentation is to brief the rest of the class on a specific policy change related to the week's topic (e.g. 1996 Welfare Reform).
- Midterm Exam (8/4): The exam will cover topics and readings through Week 5 of the class.
- Policy Project (8/13): You can choose to do one of two things: 1) Critique a policy proposal currently under consideration by the Obama Administration; or 2) Propose an alternative policy proposal that has some reasonable hope of political success in the current political climate. In either case, you must identify the relevant social challenge and explain the merits and drawbacks of the proposal under consideration. **This memo may be rewritten.**

## GRADING

The grade for the seminar is made up of the following: quizzes (25%); group presentation (20%); midterm (30%); policy project (25%). If you choose to rewrite the policy project, your grade will be an average of the first and second drafts.

## SCHEDULE

### WEEK 1

**Thursday, June 25<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

OVERVIEW OF THE COURSE

### WEEK 2

**Tuesday, June 30<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

KEY ECONOMIC CONCEPTS

*Naked Economics*, Chapters 1-4, 8.

**Thursday, July 2<sup>nd</sup>**

2:00 p.m. – 4:00 p.m.

WHAT IS PUBLIC POLICY AND WHY IS IT SO HARD?

Mancur Olson, Jr. "Distinguished Lecture on Economics in Government: Big Bills Left on the Sidewalk: Why Some Nations are Rich, and Others Poor," *Journal of Economic Perspectives*, vol. 10, no. 2 (Spring 1996).

"Arab Development: Self-Doomed to Failure," *The Economist*, July 6, 2002.

Wheelan. *Introduction to Public Policy*, Chapters 1-2.

WEEK 3

**Tuesday, July 7<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

COST-BENEFIT ANALYSIS; PROGRAM EVALUATION;  
WELFARE ECONOMICS; THE POLICY PROCESS

Wheelan. *Introduction to Public Policy*, Chapter 5, 12, 13, and 15.

**Thursday, July 9<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

Joshua Wolf Shenk. “What Makes Us Happy?” *The Atlantic*, June 2009.

Kenneth Feinberg. *What is Life Worth? The Unprecedented Effort to Compensate the Victims of 9/11*.

WEEK 4

**Tuesday, July 14<sup>th</sup>**

PRODUCTIVITY, HUMAN CAPITAL, AND EDUCATION

*Naked Economics*, Chapter 6.

Black and Sokoloff. “Long-Term Trends in Schooling: The Rise and Decline (?) of Public Education in the United States,” *Handbook of the Economics of Education*.

Krueger and Heckman. *Inequality in America*, Chapters 1 and 2.

Gordon, Kane, and Staiger. “Identifying Effective Teachers Using Performance on the Job,” The Hamilton Project, Discussion Paper 2006-01, April 2006.

James Heckman. “Catch ‘em Young,” *Wall Street Journal*, January 10, 2006.

**Thursday, July 16<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

David Leonhardt. “Larry Summers’s Evolution,” *New York Times Sunday Magazine*, June 10, 2007.

Roger Lowenstein. “The Inequality Conundrum,” *New York Times Sunday Magazine*, June 10, 2007.

Daniel Gross. “Income Inequality, Writ Larger,” *Wall Street Journal*, June 10, 2007.

“More or Less Equal?” *The Economist*, April 4, 2009.

Ellen Gamerman. “What Makes Finnish Kids So Smart?” *Wall Street Journal*, February 29, 2008.

Ben Bernanke. “The Level and Distribution of Economic Well-Being,” Remarks before the Omaha Chamber of Commerce,” February 6, 2007.

**Student Presentation: The No Child Left Behind Act**

WEEK 5

**Tuesday, July 21<sup>st</sup>**

2:00 p.m. – 4:00 p.m.

HEALTH CARE

*Naked Economics*, Chapter 5.

**Public Policy 40/Summer 2008**

- Skinner, Jonathan, Douglas Staiger, and Elliott Fisher, "Is Technological Change in Medicine Always Worth It?" *Medical Technology*, February 7, 2006.
- Reed Abelson. "In Health Care, Cost Isn't Proof of High Quality," *New York Times*, June 14, 2007.
- Kolata, Gina, "Newest Treatments Create a Quandary on Medicare Costs," *New York Times*, August 17, 2003.
- Elena Cherney. "Universal Care Has a Big Price: Patients Wait," *Wall Street Journal*, November 12, 2003.
- Roberta Pear. "Lacking Health Coverage, Good Life Turns Fragile," *New York Times*, March 5, 2007.
- Council of Economic Advisers. "The Economic Case for Health Care Reform," June 2, 2009.

**Thursday, July 23<sup>rd</sup>**

2:00 p.m. – 4:00 p.m.

- Kevin Sack. "With Health Care for Nearly All, Massachusetts Now Faces Costs," *New York Times*, March 16, 2009.
- "Remarks by the President at the Annual Conference of the American Medical Association," Chicago, June 15, 2009.

**Student Presentation: Massachusetts health care reform**

WEEK 6

**Tuesday, July 28<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

**ENERGY AND THE ENVIRONMENT**

- Oates, ed. *The RFF Reader in Environmental and Resource Policy*, Chapters 1-5, 9, 10, 36-39.

**Thursday, July 30<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

- David Leonhardt. "A Battle Over the Costs of Global Warming," *New York Times*, February 21, 2007.
- Ian W.H. Parry. "Should We Abandon Cap-and-Trade in Favor of a CO<sub>2</sub> Tax?" March 29, 2007.
- Kevin A. Hassett and Gilbert E. Metcalf. "What Would a Rational Energy Tax Policy Look Like?" March 29, 2007.

**Student Presentation: The Kyoto Protocol**

WEEK 7

**Tuesday, August 4<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

**MIDTERM EXAM**

**Thursday, August 6<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

**TAX POLICY**

Daniel Altman. “Pop Quiz: Did the Tax Cuts Bolster Growth?” New York Times, May 13, 2007.

“Taxing the Poor to Pay the Poor,” The Economist, April 3, 2004.

Madrick, Jeff. “Alan Greenspan notwithstanding, a new book insists that social spending does not stunt growth,” *New York Times*, April 15, 2004.

Alan Cowell. “An Economy With Safety Features, Sort of Like a Volvo,” *New York Times*, May 10, 2006.

Hubbard, R. Glenn. “Bigger Pie, Bigger Pieces,” *The Wall Street Journal*, February 12, 2003.

N. Gregory Mankiw. “Fair Taxes? Depends What You Mean by ‘Fair’,” *Wall Street Journal*, July 15, 2007.

Jason Furman, Lawrence Summers, and Jason Bordoff. “Achieving Progressive Tax Reform in an increasingly Global Economy,” The Hamilton Project Strategy Paper, June 2007.

**Group Presentation: The Bush Tax Cuts**

WEEK 8

**Tuesday, August 11<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

**TRADE AND GLOBALIZATION**

*Naked Economics*, Chapter 11.

Nicholas D. Kristof. “Where Sweatshops Are a Dream,” *New York Times*, January 15, 2009.

*Free Trade Under Fire*, Introduction and Chapters 1-4.

**Thursday, August 13<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

➤ **POLICY PROJECT DUE**

David Wessel and Bob Davis. “Pain From Free Trade Spurs Second Thoughts: Mr. Blinder’s Shift Spotlights Warnings of Deeper Downside,” *Wall Street Journal*, March 28, 2007.

Edmund L. Andrews. “Why Wage Insurance Is Dividing Democrats,” *New York Times*, March 18, 2007.

David Wessel. “The Case for Taxing Globalization’s Big Winners,” *Wall Street Journal*, June 14, 2007.

**Student Presentation: The WTO and the Doha Round**

WEEK 9

**Tuesday, August 18<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

ENTITLEMENTS AND FISCAL POLICY

Lowenstein, Roger. “A Question of Numbers,” New York Times Sunday Magazine, January 16, 2005.

“When a Flow Becomes a Flood,” *The Economist*, January 24, 2009.

David Leonhardt. “The China Puzzle,” *New York Times Sunday Magazine*, May 17, 2009.

**Thursday, August 20<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

The Concord Coalition. “The President’s Budget: A Bold Approach with Many Risks.” Analysis of the President’s budget outline submitted to Congress on February 26, 2009.

Alan J. Auerbach and William G. Gale. “The Economic Crisis and the Fiscal Crisis: 2009 and Beyond,” The Brookings Institution, June 2009.

WEEK 10

**Tuesday, August 25<sup>th</sup>**

2:00 p.m. – 4:00 p.m.

STUDENT PRESENTATIONS

**Wednesday, August 26<sup>th</sup>**

➤ **5:00 P.M. POLICY PROJECT REWRITE DUE**