

NYU Wagner School of Public Service
UPADM-GP140 The Economics of Public Policy
Spring 2018

This course analyzes the impact of public policy on the allocation of resources and the distribution of income in the economy. You will learn how to use the tools of microeconomics and empirical analysis to answer these questions:

- When should the government intervene in the economy?
 - How might the government intervene?
 - What are the effects of those interventions on economic outcomes?
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Lecture: Wednesdays 9:30am - 12:15pm, Silver 208

Recitation: Fridays 9:30am – 10:30am

Section 002: Silver 401

Section 003: Silver 621

Professor Sewin Chan

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Catherine Falzone (course administrator)

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Prerequisite

- ECON-UA2 Introduction to Microeconomics, or equivalent.

This course requires a working knowledge of the material in ECON-UA2. It is your responsibility to review that material in advance of taking this course.

Required Readings

- Jonathan Gruber, *Public Finance and Public Policy*, 5th edition, 2016. Using another edition is at your own risk as public policies are frequently revised. The 5th edition is on reserve in Bobst Library.
- A Principles of Microeconomics textbook such as the one you used in ECON-UA2. If you do not already own one, I recommend Mankiw, any edition - this text is now in the 8th edition so there are many used earlier editions available.
- All other required readings, including links to news articles, will be posted to the NYU Classes site. Note that you can obtain unlimited access to New York Times articles by activating an Academic Pass using your NYU email address here: <http://nytimes.com/passes>

Lecture Class

- Readings will be assigned at the end of each lecture class and must be completed before the next class.
- Lecture handouts will be posted on the NYU Classes site the day before class. Bring a printed copy so that you can take notes by hand and draw graphs on it during the class. You may also load it onto a tablet with stylus and write with that instead.
- Apart from a tablet with stylus for taking notes and drawing graphs, no other electronic devices are permitted in class. This includes laptops, tablets without a stylus, and phones. Please mute and put away all such devices. There is a growing body of research that shows benefits from taking notes by hand, and detrimental effects on learning for electronic device users and their neighbors. Here is a summary: <https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html>
- Please make every effort to arrive on time. We will take a 15 minute break during each lecture class (timing will vary). If you need to leave early, please tell me before class begins.

Problem Sets and Recitations

After each lecture class, a problem set will be posted on the NYU Classes site. You should first attempt these problems on your own before attending recitation. During recitation, the Teaching Assistant will review some of these problems and the more difficult concepts. It is unlikely that there will be time to cover all of the problems. An answer key will be posted before the next lecture so that you can check your own work. You will need to be able to do problems like these in the quizzes and exams so although the problem sets are not graded, you are strongly encouraged to attempt them on your own before attending recitation or reviewing the answer key.

Communication

- All announcements will be posted and automatically distributed via email using the NYU Classes site.
- If you have course-related questions that are not of a private nature, please post them to the Forum on the NYU Classes site. Topics have been created for overall course logistics, and for each week's content – you can start a new conversation within one of these topics. The instructor, TA, or the course administrator will respond, as appropriate. If another student poses a question that you know the answer to, please feel free to respond as well. To receive an email notification whenever there is a new Forum post, click on “Watch” from the top of the Forum page.
- Emails should only relate to personal matters. If you send one of us an email that does not pertain to personal matters, we may ask you to post it to the Forum instead.

Grades

Grades will be calculated according to the distribution below. There will be no makeup quizzes, exams, or extra credit. If you cannot be present for the established midterm and final exam dates (on the next page), you should not enroll in the course.

- Quizzes (20%): There will be five short in-class quizzes that test your grasp of the course material since the last quiz or exam. Your lowest score will be dropped when calculating the final grade.
- Participation (5%): If you attend regularly and contribute meaningfully to class discussions, participation will be incorporated into your final grade. You can only contribute in a meaningful way if you have completed the assigned readings before lecture.
- Midterm exam (35%): The midterm will cover material from classes 1-6.
- Final exam (40%): The final will focus on material from classes 8-14, however, you will need to apply concepts learned in earlier classes.

Students with Disabilities

Students requiring accommodations should share their documentation from the Moses Center with me within the first two weeks of class.

Class Schedule

Quiz and exam dates are fixed. Pacing of topics is tentative.

1	24 Jan		Review of perfectly competitive markets and surplus analysis. Policy applications.	Micro textbook
2	31 Jan		Review of labor markets. Empirical analysis tools. Imperfect competition.	Gruber 1, 3 Micro textbook
3	07 Feb	Quiz 1	Externalities.	Gruber 5, 6.3, 6.4
4	14 Feb		Public goods.	Gruber 7
5	21 Feb	Quiz 2	Imperfect information, adverse selection and moral hazard.	Gruber 12
6	28 Feb		Social insurance.	Gruber 13, 14
7	07 Mar	Midterm exam		
8	21 Mar		Constrained utility maximization model. Income and substitution effects.	Gruber 2. Micro textbook
9	28 Mar	Quiz 3	Welfare programs.	Gruber 17.
10	04 Apr		In-kind transfer programs.	Gruber 16.1, 16.2
11	11 Apr	Quiz 4	Introduction to tax policy.	Gruber 18, 25.2
12	18 Apr		Tax incidence and efficiency.	Gruber 19, 20.1
13	25 Apr	Quiz 5	Taxes and labor supply.	Gruber 21
14	02 May		Taxes on saving and wealth.	Gruber 22, 23.2, 23.3
15	09 May	Final exam		