

Economics 3220 (06E:119): Policy Analysis
University of Iowa
Spring 2014

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Classes: T TH 12:30-1:45
Room: PBB W107
Office Hours: T TH 1:45-2:45

Teaching Assistant
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Office Hours: W 5:30-6:30 in PBB W247

Course Description

This course examines the role of the federal, state, and local government in the economy. We will examine externalities, public goods, social insurance, and taxation. For each topic, we will discuss the economic theory, a policy application that is informed by the theory, and the empirical evidence related to the theory. This course will investigate the following questions and develop the economic tools appropriate to answer them:

- When should the government intervene in the economy?
- How might the government intervene?
- What is the effect of those interventions on economic outcomes?
- Why do governments choose to intervene in the way that they do?

Prerequisites: ECON 1100 (Principles of Microeconomics)
ECON 1200 (Principles of Macroeconomics)

Texts

Public Finance and Public Policy, by Jonathan Gruber, Worth Publishers, Fourth Edition, 2013.
Textbook Website (Student Center): http://bcs.worthpublishers.com/gruber4e/#t_857054
The cost of this text through various retailers online is more than \$150. An electronic version of this text is available through CourseSmart for about \$75. Copies of prior editions will be available for your (free) access in the business school library.

Course Outline

Chapter numbers for the readings refer to the chapters in your text. Students should complete these readings prior to class and come prepared to discuss the readings and ask questions about the material. This syllabus is not a fixed document and is subject to revisions.

<u>Week 1:</u>	1/21 & 1/23	Course Overview, Review of Micro Ch. 2
<u>Week 2:</u>	1/28 & 1/30	Review of Micro; Budget Analysis Ch. 2; Ch. 4

<u>Week 3:</u>	2/4 & 2/6	Externalities Ch. 5 & Ch. 6
<u>Week 4:</u>	2/11 & 2/13	Public Goods Ch. 7 <i>HW 1 due on 2/11</i>
<u>Week 5:</u>	2/18 & 2/20	State and Local Government; Education Ch. 10; Ch. 11 <i>Paper 1 due on 2/18</i>
<u>Week 6:</u>	2/25 & 2/27	Social Insurance Ch. 12 <i>HW 2 due on 2/25</i>
<u>Week 7:</u>	3/4 & 3/6	Social Security Ch. 13 <i>Paper 2 due on 3/4</i>
<u>Week 8:</u>	3/11 & 3/13	Health Insurance Ch. 15 <i>Exam on 3/13</i>
<u>Week 9:</u>	3/25 & 3/27	Health Insurance Ch. 15; Ch. 16
<u>Week 10:</u>	4/1 & 4/3	Welfare Programs Ch. 17 <i>HW 3 due on 4/1</i>
<u>Week 11:</u>	4/8 & 4/10	Overview of the Tax System Ch. 18 <i>Paper 3 due on 4/8</i>
<u>Week 12:</u>	4/15 & 4/17	Overview of the Tax System Ch. 18 <i>HW 4 due on 4/15</i>
<u>Week 13:</u>	4/22 & 4/24	Equity and Tax Incidence Ch. 19
<u>Week 14:</u>	4/29 & 5/1	Efficiency and Optimal Taxation Ch. 20 <i>HW 5 due on 4/29</i>
<u>Week 15:</u>	5/6 & 5/8	Taxes and Labor Supply

Ch. 21
Paper 4 due on 5/8

Course Requirements / Grading

Determination of grades:

Exam	10 %
Final Exam	20 %
4 Papers	60 %
Homework	10 %

Exams: The midterm exam will take place on March 13 in class. The final exam will be scheduled during the semester by the Registrar. The final exam will be cumulative. You will be responsible for all of the assigned chapters even if the material was not specifically mentioned in the class, up until the day of the exam unless otherwise mentioned. You will be permitted to bring one handwritten page of notes on one side of a letter-size sheet of paper to the exam. You are not permitted to consult other students' exams from prior semesters.

Papers: Four short papers will be due throughout the semester before the beginning of class on February 18, March 4, April 8, and May 8. These papers will be an analysis of a government policy using the economic tools developed throughout the semester. You are expected to work independently on this assignment and include references to the literature that you consult for this paper. Guidelines for referencing the literature and further details about the assignments will be distributed through ICON. These papers must be submitted electronically using the dropbox on the course page on ICON as either a Word or PDF file, and these papers will be scanned for plagiarism.

Homework: You will be given 5 homework assignments throughout the semester to help prepare you for the exams. Assignments will be due at the beginning of class.

Course Policies

Overview: Course policies, such as dropping and adding the class after the deadline and academic misconduct, are governed by the Tippie College of Business.

Course Management: All files for the course will be posted on ICON. Additional details about the assignments and grades will also be posted on ICON.

Communication: Communication with students outside of class will primarily occur through announcements on ICON, e-mail, and office hours. University policy specifies that students are responsible for all official correspondence sent to their University of Iowa e-mail address. The University provides guidance for acceptable etiquette when utilizing electronic communication technologies.

Students with Disabilities: If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be

evacuated, please let me know. Please see me after class hours during my scheduled office hours or schedule an appointment. The Office of Student Disability Services is available to assist you.

Academic Misconduct: Any type of academic misconduct will result in an F for the course grade. Expectations regarding working with others and how to reference the literature will be made clear; however, if you have any questions, you should e-mail me or your TA. All incidents of cheating or plagiarism will be reported to the Associate Dean of the Tippie College of Business and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. In general, the decision of the Professor may be appealed to the College of Business' Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code for the Tippie College of Business will determine the appropriate appeal process. By enrolling in this course, you agree to be bound by the Honor Code, which can be found here: <http://www.biz.uiowa.edu/upo/honorcode.html>.

Sexual Harassment: The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

Grades: Your performance in this class will be determined by your performance on the course requirements described above. Pluses and minuses will be used. Subject to increasing grades at my discretion, I will use the following scale, based on your weighted percentage according to the weights described for the course requirements above, to determine grades:

A+ = 97 – 100; A = 93 – 97; A- = 90 – 93; B+ = 87 – 90; B = 83 – 87; B- = 80 – 83;
C+ = 77 – 80; C = 73 – 77; C- = 70 – 73; D+ = 67 – 70; D = 63 – 67; D- = 60 – 63; F = 0 – 60.

Absence Policy: If you miss an exam due to *unforeseen* reasons, you will be accommodated if I deem the reason valid according to College and University Policy (illness, accident, etc.). If you will miss an exam due to unavoidable University activities, you should consult with me as soon as the date of the activity is known and preferably during the first week of the semester. Depending on the circumstances, accommodation may be in form of waived requirements or makeup exams. Zero points will be awarded otherwise.

Grievance Policy: Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the departmental executive officer of the Department of Economics (Professor Solow, W210 PBB). If you cannot resolve the complaint by speaking with the DEO, you should take your concern to the Dean's Office (C120 PBB).

Writing Support: The Writing Center is available to provide support on all aspects of the writing process. For more details, visit their website: <http://www.uiowa.edu/~writingc/index.shtml>.

The use of cell phones and laptops are not permitted in class. You are expected to attend class on time. Arriving late to class and using cell phones or laptops is disruptive and creates a negative externality.