

**Economics 3650 (06E:119): Policy Analysis**  
University of Iowa  
Fall 2016

Professor David Frisvold  
PBB W374  
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Classes: T TH 9:30-10:45  
Room: W228 CB  
Office Hours: T TH 11:00-12:00

Teaching Assistant  
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Office Hours: W 3:30-4:30 in PBB S321

**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?

Prerequisites: ECON 1100 (Principles of Microeconomics)

**Texts**

*Public Finance and Public Policy*, by Jonathan Gruber, Worth Publishers, Fifth Edition, 2016.  
Copies of prior editions are 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>	8/23 & 8/25	Course Overview, Review of Micro Ch. 2
<u>Week 2:</u>	8/30 & 9/1	Externalities Ch. 5 & Ch. 6
<u>Week 3:</u>	9/6 & 9/8	Externalities, Public Goods Ch. 5-7

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

## **Course Requirements / Grading**

### *Determination of grades:*

Exam	17 %
Final Exam	20 %
Papers	34 %
Presentations	17 %
Homework	12 %

*Exams:* The midterm exam will take place on October 20 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:* Two papers will be due throughout the semester before the beginning of class on October 13 and December 1. 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.

*Presentations:* You will have the opportunity to participate in one group presentations on either September 29 or November 17. Groups will be randomly assigned. Further details about these presentations will be provided during the semester on ICON.

*Homework:* You will be given 6 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. The Office of Student Disability Services is available to assist you. Students seeking classroom and/or exam accommodations should first register with Student Disability Services (SDS): <http://www.uiowa.edu/sds/>.

*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, suspended, or even permanently expelled, depending on the severity of the offense. 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 University will not tolerate sexual harassment, nor will it tolerate unwelcomed behavior of a sexual nature toward members of the University community when that behavior creates an intimidating or hostile environment for employment, education, on-campus living, or participation in a University activity. Incidents of sexual harassment should be reported immediately. See the UI Comprehensive Guide on Sexual Harassment for assistance, definitions, and the full University policy: <http://www.sexualharassment.uiowa.edu/index.php>. Concerns regarding sexual harassment should be directed to the Office of the Sexual Misconduct Response Coordinator (<http://osmrc.uiowa.edu/>).

*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.  
For your reference, based on previous experience, the median course grade will likely be a C or C+ and about 15 percent of students will receive at least an A-; although, the grade distribution can vary across semesters.

*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, mandatory religious obligations, military service, or jury duty, 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 the 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 Sa-Aadu, 319-335-0930, [jsa-aadu@uiowa.edu](mailto:jsa-aadu@uiowa.edu)). 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>.

*Resources for Obtaining Additional Help:* If you would like help outside of class, I am available during office hours, the teaching assistant is available during her office hours, or you can schedule an appointment to meet with me or your TA. Additionally, support from the Writing Center is available. Tutors will not be provided for you for this class by the university. You are not permitted to hire an undergraduate student to provide tutoring services for the class without first consulting me. Graduate students may be available for hire as tutors.

*Additional:* 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.