

ECONOMICS 416

EVALUATING SOCIAL POLICY

This is an upper-level seminar in social policy. The seminar will introduce you to the operation of social programs in the United States and will teach you how to use economic and econometric tools to evaluate them. Most of the course will be devoted to close reading and discussion of research papers, including discussion of the relative merits of various empirical and econometric techniques. Students will participate actively in class discussion, make oral presentations, evaluate empirical data, and write analytical papers. Throughout the course, we will think broadly about the goals of social policy, always keeping the canonical tradeoff between efficiency and equity at the forefront. We will also consider the practical challenges faced not only by policymakers in designing effective policies but also by scholars in evaluating the effectiveness of those policies.

The course is divided into four parts. In part 1, we will introduce social policy, discuss approaches to its evaluation, and gather some of the tools of the applied microeconomist. In part 2, we will discuss poverty and anti-poverty programs. In part 3, we will investigate ways in which environmental policy can serve as social policy. In part 4, we will discuss public health insurance programs, particularly those for children.

Readings: There is no textbook for this course. We will read journal articles and book chapters. The readings are available online as e-reserves on the course website. In order to be able to read actively and to participate fully in class discussion, you must print hard copies and bring them to class. (You may choose to read the articles on a tablet, but please use your judgment.)

Prerequisites: Economics 300/301 (Microeconomics)
Economics 360/361 (Econometrics)

Grading: Grades for the course will be based on a variety of assignments, as follows:

- Reading, class participation, and engagement papers 20%
- Empirical and theoretical assignments 15%
- Short Paper 15%
- Empirical paper 20%
- Final paper 30%

Academic Honesty: Students must abide by the *Amherst College Honor Code*, as outlined in the Student Handbook. Your work must be your own. If you consult any sources (including online sources), you must cite them clearly and completely. If you work with others, you must make a note of that on your own assignment.

COURSE SCHEDULE AND READINGS

I. Introduction

Weeks 1-4 (1/22-2/12)

Introduction to Social Policy

Weeks 1-2

The Stanford Center on Poverty and Inequality. "State of the Union: The Poverty and Inequality Report 2014" (Executive Summary only) http://web.stanford.edu/group/scspi/sotu/SOTU_2014_CPI.pdf

Christopher Jencks. "Introduction," *Rethinking Social Policy: Race, Poverty, and the Underclass*, Cambridge, MA: Harvard University Press, 1992.

Robert Moffitt. "Four decades of antipoverty policy: Past developments and future directions." *Focus*, Spring-Summer 2007, 25(1): 39-44.

Yonatan Ben-Shalom, Robert Moffitt, John Karl Scholz. "An Assessment of the Effectiveness of Anti-Poverty Programs in the United States," National Bureau of Economic Research Working Paper No. 17042, 2011.

Nathan Glazer. "On Americans and Inequality." *Daedalus*, Summer 2003.

Methods: Econometrics

Week 3

Joshua Angrist and Jorn-Steffen Pischke. "Chapter 1: Questions about Questions," *Mostly Harmless Econometrics*, Princeton, NJ: Princeton University Press, 2009.

Peter F. Kennedy. "Introduction," *A Guide to Econometrics*, 5th ed., Cambridge, MA: MIT Press, 2003.

Peter F. Kennedy. "Applied Econometrics," *A Guide to Econometrics*, 5th ed., Cambridge, MA: MIT Press, 2003.

Alan C. Acock. *A Gentle Introduction to Stata*, 3rd ed. Chapters 1, 4, 5. College Station, TX: Stata Press.

Methods: Experiments and Evaluation

Week 4

Joshua Angrist and Jorn-Steffen Pischke. "Chapter 2: The Experimental Ideal," *Mostly Harmless Econometrics*, Princeton, NJ: Princeton University Press, 2009.

Jonathan Gruber. "Cost-Benefit Analysis" in *Public Finance and Public Policy*, 3rd edition, Worth Publishers, 2012.

Jens Ludwig, Jeffrey Kling, and Sendhil Mullainathan. "Mechanism Experiments and Policy Evaluations," *Journal of Economic Perspectives*, Summer 2011, 25(3): 17-38.

II. Poverty and Anti-Poverty Programs

Weeks 5-8 (2/17-3/12)

Poverty and its Measurement

Week 5

Kathleen Short. "The Research: Supplemental Poverty Measure: 2010." U.S. Census Bureau, *Current Population Reports*, pp.60-241, November 2011.

Rebecca Blank. "The Supplemental Poverty Measure: A New Tool for Understanding U.S. Poverty." *Pathways*, Fall 2011.

Christopher Wimer et al. "The Future of U.S. Poverty Measurement." *Pathways*, Fall 2011.

Trends in Poverty and Economic Security

Week 5

Liana Fox, Irwin Garfinkel, Neeraj Kaushal, Jane Waldfogel, and Christopher Wimer.. "Waging War on Poverty: Historical Trends in Poverty using the Supplemental Poverty Measure," *National Bureau of Economic Research Working Paper* No. 10789, January 2014.

J. Scholz, R. Moffitt and B. Cowan. "Trends in Income Support," *Focus: Newsletter of the Institute for Research on Poverty*, 2009.

Claudia Goldin and Lawrence Katz. "The Future of Inequality: The Other Reason Education Matters So Much," *Milken Review*, 2009.

Sendhil Mullainathan. "Better Choices to Reduce Poverty" in: Banerjee A, Mookherjee D, Benabou R *Understanding Poverty*. Oxford University Press: 2006, p. 379-389.

Alan C. Acock. *A Gentle Introduction to Stata, 3rd ed.* Chapters 8.1-8.5, 10.1-10.3, 10.9-10.11. College Station, TX: Stata Press.

Anti-Poverty Programs

Week 6

Robert Moffitt. "Welfare Programs and Labor Supply," *Handbook of Public Economics*, Auerbach and Feldstein, eds, Boston: Elsevier, 2002.

William Congdon, Jeffrey Kling, and Sendhil Mullainathan. "Behavioral Economics and Tax Policy," *National Tax Journal*, September 2009, 62: 375-86.

Stephen D. Holt and Jennifer L. Romich. "Marginal Tax Rates Facing Low- and Moderate-Income Workers Who Participate in Means-Tested Transfer Programs," *National Tax Journal*, June 2007, 60(2): 253-276.

The Earned Income Tax Credit

Weeks 6-7

Nada Eissa and Jeffrey Liebman. "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics*, May 1996, 111(2): 605-637.

Dahl, Gordon B., and Lance Lochner. 2012. "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit." *American Economic Review*, 102(5): 1927-56. doi: 10.1257/aer.102.5.1927

Welfare

Week 8

Judith M. Gueron. "Work and Welfare: Lessons from Employment Programs" *Journal of Economic Perspectives*, Winter 1990, 4(1): 79-98.

III. Environmental Policy

Weeks 9-10 (3/24-4/2)

Environmental Policy as Social Policy

Weeks 9-10

Joshua Graff Zivin and Matthew Neidell. 2013. "Environment, Health, and Human Capital," *Journal of Economic Literature*, September 2013, 51(3): 689–730. <http://dx.doi.org/10.1257/jel.51.3.689>

Jessica W. Reyes. "Lead Exposure and Behavior: Effects on Aggression and Risky Behavior among Children and Adolescents," *Economic Inquiry*, forthcoming 2015.

Janet Currie, Eric Hanushek, E. Megan Kahn, Matthew Neidell and Steven Rivkin. "Does Pollution Increase School Absences?" *The Review of Economics and Statistics*, 2009, 91(4): 682-694.

IV. Health Policy

Weeks 11-13 (4/7-4/23)

Medicaid Overview

Week 11

Jonathan Gruber. "Health Insurance II" in *Public Finance and Public Policy*, 3rd edition, Worth Publishers, 2012.

Katherine Swartz. "Health Care for the Poor: For Whom, What Care, and Whose Responsibility?" *Focus*, Fall 2009, 26(2).

Kaiser Family Foundation, "Medicaid Moving Forward," January 2015. <http://kff.org/medicaid/fact-sheet/the-medicaid-program-at-a-glance-update/>

Marianne P. Bitler and Madeline Zavodny, "Medicaid: A Review of the Literature," *National Bureau of Economic Research Working Paper* No. 20169, May 2014.

Medicaid Effectiveness

Weeks 12-13

David Cutler and Jonathan Gruber. "Does Public Insurance Crowd Out Private Insurance?" *Quarterly Journal of Economics*, May 1996, 111(2): 391-430.

Amy Finkelstein, Katherine Baicker, et al., "The Oregon Health Insurance Experiment: Evidence from the First Year." *Quarterly Journal of Economics*, August 2012, 127(3): 1057-1106.

Mark Duggan. "Does Contracting Out Increase the Efficiency of Government Programs? Evidence from Medicaid HMOs," *Journal of Public Economics*, December 2004, 88(12): 2549-2572.

V. Wrap Up and Final Presentations

Weeks 14-15 (4/28-5/5)