

## ECONOMICS 28 – PUBLIC FINANCE AND PUBLIC POLICY Syllabus

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Class time: TuTh 10:10-12:00 (10A); TuTh 2:25-4:15 (2A)

Office hours: Wed 1:00-2:00 (In-Person); Thurs 7:00-8:00 (Online)

Final Exam: Take-home posted 8:00AM on 11/19; Due 11:00PM on 11/22.

### Overview

Government policies exert a pervasive influence over the economy and the welfare of its inhabitants. This course aims to provide an understanding of the reasons for government intervention in the economy, as well as conceptual tools for analyzing the benefits of potential government policies and the reactions of individuals to policy interventions. The course first examines inequality and redistribution through the tax system. Next, it covers social insurance, externalities, public goods, and local government functions. Several lectures will be devoted to specific policy areas such as health care, gender and family policy, and crime and safety. A central goal of the course is to connect core economic concepts to current, real-world policy debates such as proposals for Medicare for All, Universal Basic Income, or defunding the police.

### Readings

Jonathan Gruber, Public Finance and Public Policy is an *optional* textbook. You are not required to buy the book and I will not assign readings from it, but you may find some of the chapters (noted on the syllabus) useful as supplementary reading. Used copies of past editions are available cheaply on Amazon and there may be PDF versions online.

There will be popular media articles and podcasts assigned for most classes. Links (or PDFs in some cases) are posted on Canvas. These should be read before class. For some classes, noted on the course calendar, each student is required to write a post on the Canvas discussion boards about the day's media readings by 9:00 AM.

### *Access to Media Readings*

Dartmouth students, faculty and staff now have unlimited access to [NY Times](#) and the [Wall Street Journal](#) online. You can also access the weekly newspaper *The Economist* through the Dartmouth

library. *If you have trouble accessing any course materials or encounter any financial challenges related to this class, please let me know. Thanks!*

### **Class Meetings**

Most class meetings will use the following structure. In the first hour, we will cover key concepts in a lecture format. The remainder of class will emphasize either problem-solving or discussion. Discussions will often focus on connecting the class's core economic concepts with real-world policy issues and will often draw on the day's assigned media readings.

### **Grading**

Participation: 20%

Participation scores are based on whether you complete the assigned discussion posts (5%) and on your level of engagement in class discussions and activities (15%).

Group Project: 20%

There will be a group project assigned at the start of week 7 (10/28). The project will entail developing a policy proposal and explaining the rationale for and benefits of the policy using concepts from class. Each group will turn in a short (~5-page) report due on 11/16.

Midterm Exams: 30%

Our two midterms will be on Tuesday 10/05 and Tuesday 10/28. The higher of your two scores will count for 20% of the final grade and the lower will count for 10%.

Final Exam: 30%

The cumulative final exam will be a "take-home" exam assigned at the start of exams and due by the end of the day on our assigned exam date.

If you have a question about the grading of a quiz or exam, you must see me within *two weeks* of the date. I will hold on to the final exams for one year after the term is over.

### **Economics Department Exam Policies**

Midterm exams and final exams must be taken at the scheduled times. Final exams are scheduled well in advance of the beginning of the term and all midterm exam dates are on the syllabus. If your travel plans at the end of the term conflict with the scheduled final exam you should not take this class this term.

- Exceptions may be made for Dartmouth-sponsored events such as varsity sports and other activities related to your Dartmouth education.
- On rare occasions, there may be a conflict with the final exam in another class. If possible, these conflicts will be resolved by taking the final exam for one of those classes during a different final exam period on the same day.
- Acute events, such as an illness or a death in the family will be handled on a case-by-case basis.

*In all cases, please inform me as soon as you are aware of any potential conflict.*

### **Honor Principle**

Cheating devalues the worth of the grading system for everyone in the class. Students who cheat

degrade the worth of the Dartmouth College degree for themselves and all of their peers. Cheating undermines the mutual trust and respect between faculty and students. I will not tolerate cheating. I am strongly committed to assigning grades based on honest efforts on quizzes, assignments, and the final exam, and to ensuring that students who do honest work are not disadvantaged by students who cheat. I expect that all students will uphold Dartmouth's [Academic Honor Principle](#).

### **Religious Observances**

Some students may wish to take part in religious observances that occur during this academic term. If you have a religious observance that conflicts with your participation in the course, please meet with me before the end of the second week of the term to discuss appropriate accommodations.

### **Names and Pronouns**

In this classroom, we will respect and refer to people using the names and personal pronouns that they share. If you think I may use incorrect pronouns for you or if I have used incorrect pronouns for you, please email me and I will do my best to use the pronouns you identify with.

### **Students with Disabilities**

Students with disabilities who may need disability-related academic adjustments and services for this course are encouraged to see me privately as early in the term as possible. Students requiring disability-related academic adjustments and services must consult the [Student Accessibility Services Office](#) (Carson Hall, Suite 125, 646-9900). Once SAS has authorized services, students must show the originally signed SAS Services and Consent Form and/or a letter on SAS letterhead to their professor. As a first step, if students have questions about whether they qualify to receive academic adjustments and services, they should contact the SAS office. All inquiries and discussions will remain confidential.

- Any extra time for exams will be contiguous with the scheduled exam time if at all possible. Generally, students will start the exam early and finish with the rest of the class or start with the rest of the class and finish late.
- In the week before each exam, it is your responsibility to verify all arrangements by email. It is your responsibility to make sure that the time and place for your exam is clear before the day of the exam for each exam during the term.

### **Wellness Resources**

I recognize that the academic environment at Dartmouth is challenging, that our terms are intensive, and that classes are not the only demanding part of your life. There are a number of resources available to you on campus to support your wellness, including:

- [Your undergraduate dean](#)
- [Counseling and Human Development](#)
- [Student Wellness Center](#)

### **COVID-19 Information**

*Attendance:* You are expected to attend class in person unless you have made alternative arrangements due to illness, medical reasons, or the need to isolate due to COVID-19. For the health

and safety of our class community, please: **do not attend class when you are sick**, nor when you have been instructed by Student Health Services to stay home.

*Safety:* In accordance with [current College policy](#), all members of the Dartmouth community are required to wear a suitable face covering when indoors, regardless of vaccination status. This includes our classroom and other course-related locations, such as labs, studios, and office hours. If you need to take a quick drink during class, please dip your mask briefly for each sip. Eating is never permitted in the classroom. (The only exception to the mask requirement is for students with an approved disability-related accommodation; see below.) If you do not have an accommodation and refuse to comply with masking or other safety protocols, I am obligated to assure that the Covid health and safety standards are followed, and you will be asked to leave the classroom. You remain subject to course attendance policies, and dismissal from class will result in an unexcused absence. If you refuse to comply with masking or other safety protocols, and to ensure the health and safety of our community, I am obligated to report you to the Dean's office for disciplinary action under Dartmouth's [Standards of Conduct](#). Additional COVID-19 protocols may emerge. Pay attention to emails from the senior administrators at the College. I will do my best to communicate any changes and their resulting implications for our class community.

*Accommodations:* Students requesting disability-related accommodations and services for this course are required to register with Student Accessibility Services (SAS; [Getting Started with SAS webpage](#); [student.accessibility.services@dartmouth.edu](mailto:student.accessibility.services@dartmouth.edu); 1-603-646-9900) and to request that an accommodation email be sent to me in advance of the need for an accommodation. Then, students should schedule a follow-up meeting with me to determine relevant details such as what role SAS or its [Testing Center](#) may play in accommodation implementation. This process works best for everyone when completed as early in the quarter as possible. If students have questions about whether they are eligible for accommodations or have concerns about the implementation of their accommodations, they should contact the SAS office. All inquiries and discussions will remain confidential.

*Consent to Record Policy:* If the public health situation requires this course to move to online instruction, the Dartmouth [consent to record policy](#) applies.

**Course Outline** (*preliminary*)**1. [09/14] The Role of Government**

*Concepts:* First welfare theorem, market failures

**2. [09/16] Income Inequality**

*Due:* Discussion post #1

*Concepts:* Dispersion measures, SBTC

*Activity:* TBD

*Readings:*

Cohen, Patricia. [A bigger economic pie, but a smaller slice for half of the U.S.](#) NYT, 12/06/16.

Krueger, Alan. [The economics of Rihanna's superstardom.](#) NYT, 06/01/19.

Planet Money Indicator: [Inequality in America.](#) 03/07/19.

**3. [09/21] Taxation Basics**

*Concepts:* Demand and supply elasticities, incidence, deadweight loss

*Activity:* Practice problems

*Readings:*

Badger, Emily. [The poor pay for parking but can't afford a car.](#) WaPo, 6/15/16.

Bartlett, Bruce. [Who pays the corporate income tax?](#) NYT, 2/19/13.

Gruber Chapter 19, 20.1

**4. [09/23] Income Taxation I**

*Concepts:* Concavity, Indifference curves, labor-leisure tradeoffs

*Activity:* Practice problems

*Readings:*

Mankiw, Gregory. [I can afford higher taxes. But they'll make me work less.](#) NTY, 10/9/10.

[Taxing the wealthy: Diving into the rich pool.](#) The Economist, 9/24/11.

Gruber Chapter 21.1-21.2

**5. [09/28] Income Taxation II**

*Due:* Discussion post #2

*Concepts:* U.S. income tax system, difference-in-differences, empirical issues

*Activity:* Discussion (EITC)

*Readings:*

Matthews, Dylan. [How to tax the rich, explained.](#) Vox, 3/19/19.

Planet Money: [A surprisingly uncontroversial program that gives money to poor people.](#)

Vox: [How tax brackets actually work.](#)

Gruber, Chapter 18.1-18.3

## **6. [09/30] Social Assistance**

*Due:* Discussion post #3

*Concepts:* In-kind transfers

*Activity:* Discussion (UBI)

*Readings:*

Planet Money #796: [The Basic Income Experiment.](#)

Heller, Nathan. [Who really stands to win from universal basic income?](#) New Yorker, 7/9/18

Gruber Chapter 17.2-17.5, 21.3

## **7. [10/05] Midterm 1**

## **8. [10/07] Introduction to Social Insurance**

*Due:* None

*Concepts:* Expected utility, risk aversion, insurance

*Activity:* Practice problems

## **9. [10/12] Health Care I**

*Due:* None

*Concepts:* Moral hazard, adverse selection.

*Activity:* TBD

*Readings:*

Planet Money #797: [Flood money.](#)

Planet Money #818: [The problem of the root.](#)

Gruber Chapter 8, 15

## **10. [10/14] Health Care II**

*Due:* Discussion post #4

*Concepts:* Medicare, Medicaid, ACA, M4A

*Activity:* Discussion (M4A)

*Readings:*

Kliff, Sarah. [Bernie Sanders' medicare-for-all plan, explained](#). Vox, 04/10/19.

Day, Meagan. [Why America needs medicare for all](#). NYT, 08/10/18.

Goldman, Dana. [Why medicare-for-all is not the answer](#). Health Affairs, 05/14/13.

Pipes, Sally. [Medicare for all won't result in better health outcomes](#). Forbes, 03/18/19.

Gruber, Chapter 16

## 11. [10/19] Income Insurance

*Due:* None

*Concepts:* DI, UI, Chetty-Baily

*Activity:* Practice Problems

*Readings:*

Thompson, Derek. [The case for and against unemployment insurance](#). The Atlantic, 7/1/10.

Joffe-Walt, Chane. [Unfit for work: the startling rise of disability in America](#). NPR.

Gruber Chapter 14

## 12. [10/21] Externalities

*Due:* Discussion post #5

*Concepts:* Missing markets, marginal external damage, Pigou taxes

*Activity:* Discussion (environment)

*Readings:*

Irfan, Umair. [The law that's helping fuel Delhi's deadly air pollution](#). Vox, 11/8/19.

Gillis, Justin. [A price tag on carbon as a climate rescue plan](#). NYT, 5/30/14.

Planet Money #949: [The Pigou club](#).

Gruber, Chapter 5.1-5.5

## 13. [10/26] Public Goods

*Due:* None

*Concepts:* Non-rival, excludability, Nash equilibrium, free riding

*Activity:* Practice problems (exam review)

*Readings:*

Planet Money: [Lighthouses, Autopsies, and the Federal Budget](#).

Marketplace: [Is health care a “private good” or a “public good” during the pandemic?](#)  
Gruber, Chapter 7

#### 14. [10/28] Midterm #2

#### 15. [11/02] Local Governments I

*Due:* None

*Concepts:* Tiebout, Rosen-Roback

*Activity:* Practice problems or Group projects

#### 16. [11/04] Local Governments II

*Due:* Discussion post #6

*Concepts:* Fiscal federalism

*Activity:* Discussion (place-based policy)

*Readings:*

Florida, Richard. [Don't move people out of distressed places](#). CityLab, 09/02/19.

Planet Money #880: [Is Amazon good for New York?](#)

#### 17. [11/09] Economics of Crime

*Due:* Discussion post #7

*Concepts:* Becker, deterrence, incapacitation

*Activity:* Discussion (#defund)

*Readings:*

Yglesias, Matt. [The case for hiring more police officers](#). Vox, 2/13/19.

Yglesias, Matt. [Growing calls to “defund the police,” explained](#). Vox, 6/3/20.

#### 18. [11/11] Discrimination

*Due:* None

*Concepts:* Statistical v. taste-based discrimination

*Activity:* Group projects

*Readings:*

Barnes, Patricia. [Study says ‘Ban the Box’ policies hurt minority job seekers](#). Forbes 03/01/20.

Smith, Nicole. [Gender discrimination is at the heart of the wage gap](#). Time, 05/14/19.

Planet Money #784: [New Jersey bails out.](#)

**19. [11/16] No Class**

*Due:* Group Project