

PUBLPOL 301B
Economic Policy Analysis for Policymakers
Spring 2022

Location: [REDACTED] (searchable campus map [here](#))

Time: Monday & Wednesday, 9:45 AM-11:15 AM Pacific

Instructor: Professor Eric Bettinger [REDACTED]

Office Hours: By appointment, but liberally given

Teaching Assistant: Madison Dell (mdell908@stanford.edu)

Office Hours: Wednesdays from 1-3 PM Pacific on Zoom

Discussion Section: Wednesdays from 12-1 PM Pacific on Zoom

Class Format:

This class will be taught in person. If you have an underlying issue that prevents you from attending, please let us know and we can try to accommodate a synchronous remote link ([REDACTED]). Week 5 (April 25 & 27, 2022) and weeks 9-10 (May 25 & June 1, 2022) will consist of student presentations during our scheduled class time.

Discussion Section:

Attendance at discussion sections is an optional (but helpful) component of the course. The TA will provide help with problem sets and your final project as well as provide additional material to complement the discussion in the lectures.

Prerequisites:

Completion of PUBLPOL 301A (Microeconomics) and PUBLPOL 303D (Applied Econometrics) or equivalent.

Course Description:

This course explores the role of economic analysis in the design, evaluation, and implementation of public policy. By the end of the course, students should be able to apply an analytical framework to a variety of public policy questions. Emphasis will be given to the analysis of cost-benefit tradeoffs. The first part of the course develops this framework including a short review of empirical strategies. The second part of the course will apply the framework to a variety of policy settings including issues related to the environment, education, social insurance, immigration, and poverty alleviation.

Required Reading:

The textbook we will use is Public Finance and Public Policy (5th edition) by Jonathan Gruber. The 6th or 4th editions are suitable substitutes. Additional required readings (full citations for which are listed on the next page) are available on Canvas.

Week 1

- Okun, A. M. (2015). *Equality and efficiency: The big tradeoff*. Washington, DC: Brookings Institution Press. Chapter 4, “Increasing Equality in an Efficient Economy” (pp. 86-116).
 - You can also read a summary on Reed College’s website: <https://www.reed.edu/economics/parker/201/cases/leaky.html>

Week 2

- Rao, J. M., & Reiley, D. H. (2012). The economics of spam. *Journal of Economic Perspectives*, 26(3), 87-110. <https://doi.org/10.1257/jep.26.3.87>
- Liebowitz, S. J., & Margolis, S. E. (1994). Network externality: An uncommon tragedy. *Journal of Economic Perspectives*, 8(2), 133-150. <https://doi.org/10.1257/jep.8.2.133>

Week 3

- Cowen, T., & Tabarrok, A. (2016). A skeptical view of the National Science Foundation's role in economic research. *Journal of Economic Perspectives*, 30(3), 235-248. <https://doi.org/10.1257/jep.30.3.235>
- Pauly, M. V. (1994). Universal health insurance in the Clinton plan: Coverage as a tax-financed public good. *Journal of Economic Perspectives*, 8(3), 45-54. <https://doi.org/10.1257/jep.8.3.45>

Week 4: Examples of Cost-Benefit Analysis

- Ahuja, A., Baird, S., Hamory Hicks, J., Kremer, M., Miguel, E., & Powers, S. (2015). When should governments subsidize health? The case of mass deworming. *The World Bank Economic Review*, 29(suppl_1), S9–S24. <https://doi.org/10.1093/wber/lhv008>
- Schanzenbach, D. (2007). What have researchers learned from Project STAR? *Brookings Papers on Education Policy*, 9, 205-228. www.jstor.org/stable/20067282
- Bettinger, E., Kremer, M., Kugler, M., Medina, C., Posso, C., & Saavedra, J. E. (2019, January 9). *School vouchers, labor markets and vocational education*. [Manuscript in preparation]. Graduate School of Education, Stanford University.

Week 6: Financial Aid Readings

- Bettinger, E. (2015). Need-based aid and college persistence: The effects of the Ohio College Opportunity Grant. *Educational Evaluation and Policy Analysis*, 37(1S), 102S-119S. <https://doi.org/10.3102/0162373715576072>
- Bettinger, E., & Williams, B. (2014). Federal and state financial aid during the Great Recession. In J. R. Brown, & C. M. Hoxby (Eds.), *How the financial crisis and Great Recession affected higher education* (pp. 235-262). University of Chicago Press.
- Dynarski, S. (2008). Building the stock of college-educated labor. *Journal of Human Resources*, 43(3), 576–610. <https://doi.org/10.3368/jhr.43.3.576>

Week 7: Stadium Financing

- Wolla, S. A. (2017, May). *The economics of subsidizing sports stadium*. St. Louis, MO: Federal Reserve Bank of St. Louis. Retrieved from <https://research.stlouisfed.org/publications/page1-econ/2017-05-01/the-economics-of-subsidizing-sports-stadiums/>

- Zimbalist, A., & Noll, R. G. (1997, June 1). *Sports, jobs, & taxes: Are new stadiums worth the cost?* Washington, DC: Brookings Institution. Retrieved from <https://www.brookings.edu/articles/sports-jobs-taxes-are-new-stadiums-worth-the-cost/>
- Matheson, V. (2019). Is there a case for subsidizing sports stadiums? *Journal of Public Analysis and Management*, 38(1), 271-277. <https://doi.org/10.1002/pam.22096>

Week 9: Universal Pre-K

- Ludwig, J., & Phillips, D. A. (2007). The benefits and costs of Head Start. *Social Policy Report*, 21(3), 1-20. <https://doi.org/10.1002/j.2379-3988.2007.tb00052.x>
- Montialoux, C. (2016, September). *Revisiting the impact of Head Start*. Berkeley, CA: Institute for Research on Labor and Employment, UC Berkeley. Retrieved from <http://irle.berkeley.edu/files/2016/IRLE-Revisiting-the-impact-of-Head-Start.pdf>

Requirements:

Problem Sets: Problem sets are due at the indicated time on Canvas. Instructions will be uploaded to Canvas 7-10 days before each problem set is due.

Cost-Benefit Analysis Presentation: There will be a midterm project where you will present the findings from a cost-benefit analysis of your choosing. You will prepare a slide deck (6-8 slides maximum) for a brief presentation and discussion (about 10 minutes in length) during week 5 (April 25 & 27, 2022) of the quarter. We will post a handout on Canvas with detailed instructions for this presentation 7-10 days before the in-class presentations.

Final Project: There will be a group final project where you will apply the analytical tools developed in this course to a policy question of your choosing. Data analysis can be, but does not have to be, a part of the project. You will prepare a slide deck (10 slides maximum) for a brief presentation and discussion (about 15 minutes in length) in the last two classes of the quarter (May 25 & June 1, 2022). You will also prepare a brief memo (5 single-spaced pages not including references, figures, and tables) that summarizes your policy analysis. We will post a handout on Canvas with guidance on the form and content of this memo about 2 weeks before the in-class presentations. The memo will be due on Wednesday, June 8 at 11:59 PM via Canvas.

<i>Grading:</i>	Problem sets (3 at 15% each)	45%
	Cost-benefit analysis presentation	15%
	Final project memo/presentation	30%
	Class participation	10%

Student Feedback:

This course was designed with the intention to add value to your Stanford education by challenging you to think rigorously about the economics of policy analysis. We are always working to improve the course and welcome student feedback in person or via email. Please see the Public Policy Common Syllabus for other important policies (available on Canvas).

Resources for students with disabilities: <https://oae.stanford.edu/>

Course Schedule:

Date	Topic	Readings to complete before class
March 28, 2022	Introduction	Okun, 2015
March 30, 2022	Theoretical/empirical tools	Gruber, chapters 1 and 2
April 4, 2022	Externalities	Gruber, chapters 3 and 5
April 6, 2022	Externalities in action	Gruber, chapter 6 Rao & Reiley, 2012 Liebowitz & Margolis, 1994
April 11, 2022	Public goods	Gruber, chapter 7
April 13, 2022	Political economy	Gruber, chapter 9 Cowen & Tabarrok, 2016 Pauly, 1994
April 15, 2022	Problem set #1 due	-
April 18, 2022	Cost-benefit analysis I	Gruber, chapter 8
April 20, 2022	Cost-benefit analysis II	Ahuja et al., 2015 Schanzenbach, 2007 Bettinger et al., 2019 – vouchers
April 25 & 27, 2022	Midterm presentations	-
May 2 & 4, 2022	Fiscal federalism	Gruber, chapter 10
May 9, 2022	Case I: Higher ed and financial aid	Bettinger, 2015 Bettinger & Williams, 2014 Dynarski, 2008
May 9, 2022	Problem set #2 due	-
May 11, 2022	Case II: Stadiums and job creation	Wolla, 2017 Zimbalist & Noll, 1997 Matheson, 2019
May 16, 2022	Social insurance	Gruber, chapters 12 and 14
May 18, 2022	Welfare programs	Gruber, chapter 17
May 23, 2022	Case III: Universal PreK	Ludwig & Phillips, 2007 Montialoux, 2016
May 23, 2022	Problem set #3 due	-
May 25, 2022	Final presentations	-
May 30, 2022	No class (Memorial Day)	-
June 1, 2022	Final presentations	-
June 8, 2022	Final memo due	-