

Economics 134: The U.S. Social Safety Net, Spring 2023

Prof. Alexander Gelber

Email: amgelber@ucsd.edu

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- **Course description.** Examines major issues relating to the US social safety net, including Social Security and disability insurance, low-income assistance, distributional and efficiency effects of the tax system, and the relation of these issues to the overall US government budget.
 - **Readings.** The main text is: Jonathan Gruber, *Public Finance and Public Policy* 7th edition, Chicago: Macmillan 2022. Using a “digital inclusive version” is fine. Note: it is also acceptable to use the 6th edition or earlier editions. Reading the appendices of the chapters assigned below is not required. Other readings listed below are posted on the course website.

*Your digital course materials are provided by the UC San Diego Bookstore through Canvas and are free for the first two weeks of classes. After two weeks, your student account will be charged a special reduced price unless you opt out. If you decide to opt out you must complete the process by **April 15th, 2023** and you will be responsible for sourcing the materials elsewhere. For any questions about billing please contact textbooks@ucsd.edu. For any questions about using your eBook please reference [RedShelf Solve](#).*

To opt-out:

- Click the RedShelf link in Canvas
- Click View Course Materials
- Scroll down to the gray opt-out button and follow the prompts to opt out.

*Again, you have until **April 15th, 2023** to complete this process and you will be responsible for getting access to the materials elsewhere.*

- **Required Background.** Prerequisite: ECON 100A. Enrollment limited to EN25, EN26, EN28, and MA33 majors only.
- **Office Hours.** Thursdays 2-2:30pm Pacific Time. Please sign up for office hours at least 24 hours in advance on the Google spreadsheet; the link to the Google Spreadsheet is here: https://docs.google.com/spreadsheets/d/1i3bab0_ZyZKiZ-UMnH0_t592QYtErAmtsfX2jpVJ6VY/edit#gid=0
- **Course Requirements and Grading.** Students will write one memo analyzing a topic of current policy, and students will create and deliver one Powerpoint presentation on a topic of current policy interest. We will have a take-home final exam given out on June 10 and due on June 16. Two *optional* problem sets will be given over the course of the semester to prepare students for the final. Late assignments will be marked down by 1/3 of a letter grade per day late. Exceptions to the late policy will be made only if you produce a doctor's note excusing you from completing the assignment on time. Grading will be based on the following weights:

- Memo: 30%
- Powerpoint presentation: 10%

- Final exam: 40%
- Attendance and class participation: 20%

Note that the problem sets are not included in the grade.

- **Teaching Assistants.** The teaching assistant is Angela Gu (aygu@ucsd.edu). Angela's office hours are 3-5pm on Fridays in Sequoyah Hall 207.
- **Review sessions.** The TA will hold three sections and a review session just prior to the final. The TA will announce the times and locations of these review sessions.

Certain class sessions may be on Zoom; if so, this will be announced at a future date.

Zoom Policies and Tips

We will connect to Zoom using the class ID provided on Canvas. We will try to behave as much as possible as if we were in the physical classroom. Please follow these guidelines:

- 1) If you are in the continental United States or corresponding time zones, I expect you to be present in class in real time. If you are not on continental US time zones, I will be recording classes for you to watch.
- 2) Choose a quiet place to connect to the class.
- 3) Have your full name displayed as your profile name on Zoom.
- 4) Have your camera on for the duration of the class. This helps me read your facial expressions as I would in the classroom and adjust speed and content accordingly.
- 5) Your physical appearance should be appropriate for our professional environment.
- 6) Mute your microphone for the duration of the class, with the exceptions specified below.
- 7) To ask a question, you can either raise your hand-icon or write a question in the chat (note that questions can be public—for everybody to see—or directed only to the host). If you raise your hand-icon, the host will direct you to unmute your microphone.
- 8) You can use the “go slower” icon if you would like the host (me) to slow down. You can alternately use the chat for that purpose.
- 9) As you would do in a physical class, have the lecture notes handy, as well as paper/pencil or electronic file to take notes.

Tips

We will all have to learn together how to maintain our focus in our virtual classrooms. Here are a few tips from online teaching experts¹ to help you focus during class:

- Refrain from opening email, texting or browsing the web. Please turn off your phones.
- On some computers, Zoom uses a lot of battery. Try to have your computer plugged in for classes.
- To the extent possible, choose a space where you don’t encounter distractions, which could include family members, laundry, dirty dishes, or a busy street outside your window.
- Avoid sitting on a comfortable couch or bed.

¹ Adapted from “Live From My Living Room, It’s My Classroom!” by Esther C. Kim in [Moving Online Now](#), *Chronicle of Higher Education*.

- Pay close attention to peers' comments and ask yourself if you agree or disagree, and why. Add to the dialogue by sharing your thoughts.
- Avoid taking class from coffee shops or other public spaces. The background noise can create a distraction both for you and for the entire class. Also, internet connections may be inconsistent in public spaces.

Course Outline

Part I. Background

1. **(April 6) Introduction and overview: Why study public finance? And tools of budget analysis**
 - Gruber Chapters 1 and 4
 - President Biden, “Fact Sheet: The President’s Budget for Fiscal Year 2022”
 - President Trump’s Fiscal Year 2021 Budget, pages 1-24

Part II. Social insurance and redistribution

2. **(April 13 and 20) Social insurance; Social Security, Disability Insurance, and Unemployment insurance**
 - Optional problem set 1 “due” April 20
 - Gruber Chapters 12, 13; Chapter 14 sections on Disability Insurance and Unemployment Insurance
 - Martin Feldstein, “Rethinking Social Insurance”
 - Social Security Trustees Report Summary
 - Bernie Sanders for President, “Expand Social Security”
 - Center on Budget and Policy Priorities, “Policy Basics: Social Security Disability Insurance”
 - Memo assigned April 20
3. **(April 27) Income distribution and welfare programs**
 - Gruber 17
 - Center on Budget and Policy Priorities, “War on Poverty: Large Positive Impact, but More Work Remains”
 - Congressional Budget Office, “The Effects on Employment and Family Income of Increasing the Federal Minimum Wage”
 - Bernie Sanders for President, “Jobs and an Economy for All”
 - Cato Institute, “Reassessing the Facts about Inequality, Poverty, and Distribution”

Part III. Taxation in Theory and Practice

4. **(May 4) Taxation in the U.S. and around the world**
 - Gruber 18
 - H&R Block, “How the Tax Cuts and Jobs Act Impacts U.S. Tax Returns”
 - Heritage Foundation on Tax Cuts and Jobs Act
 - Memo due May 4
5. **(May 11, first portion of class) The equity implications of taxation: tax incidence**

- Gruber 19
 - Thomas Piketty and Emmanuel Saez, “How Progressive Is the U.S. Federal Tax System? A Historical and International Perspective”
 - Tax Policy Center, “Distributional analysis of Tax Cuts and Jobs Act”
6. **(May 11, second portion of class) Tax inefficiencies and their implications for optimal taxation**
- Gruber 20
 - Tax Policy Center, macroeconomic analysis of Tax Cuts and Jobs Act
 - Martin Feldstein, “Raise Taxes, but Not Tax Rates”
7. **(May 18, first portion of class) Taxes on Labor Supply**
- Gruber 21
 - Tax Policy Center, “Biden Would Raise Taxes Substantially for High Income Households...”
 - Optional problem set 2 “due” May 18
8. **(May 18, second portion of class) Policy-Making in Practice**
- Play with <https://www.futurebudget.org/>

Part IV. Your Turn!

9. **(May 25, June 1, and June 8) In-class student presentations**