

Economics 232
Public Economics: Redistribution and Social Insurance

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Objective: The principal objective of this course is to provide an understanding of the role of government intervention in the economy in two broad areas of expenditure from both a theoretical and an empirical perspective. The emphasis will be on learning techniques that can be applied to produce original research and to critically analyze existing research in the field of public economics.

Class Meetings: Lectures will meet on Wednesdays 8:00 to 10:50 in Economics 304.

Office Hours: Office hours are by appointment. See me in person or e-mail to set up a convenient time to meet.

Requirements: There are five sets of requirements for this course:

1. Readings

The required readings are primarily journal articles and these will be made available to you on the class web page: <http://dss.ucsd.edu/~jbcullen/econ232/econ232.html>. You can also get to the class web page by clicking on the “Teaching” tab on my homepage: <http://dss.ucsd.edu/~jbcullen>.

2. Paper presentation

I will ask each of you (either individually or in small groups) to present an assigned paper during one of the regular class periods. The papers will be empirical papers that use specific methodologies to attempt to identify causal relationships. The goals are for you to: i) place the issue addressed in the paper within the context of the course themes; ii) explain the strategy used in the paper and relate it to the overview of program evaluation methods provided in lecture. The presentation is worth 10% of your grade.

3. Problem sets

There will be 2 problem sets. The problem sets represent 20% of your grade (each counts 10%). Feel free to cooperate on the problem sets. Each person must turn in his/her own copy and write the names of collaborators at the top of the assignment. No late assignments will be accepted.

4. Referee report

I will assign a paper for you to referee. The referee report should briefly summarize the paper and then provide a critical discussion. It should be 2-5 single-spaced pages in length. The report will count for 10% of your grade.

5. Final exam

There will be a final cumulative exam administered during final exam week that is worth 60% of your grade.

Seminars: I encourage you to attend the applied microeconomics seminar (which meets on Mondays from 3:30 to 5:00 in Econ 300). Attending seminars is among the best ways to facilitate the transition from coursework to research.

Course Outline

I. Redistribution

- A. Justification for government involvement
- B. Poverty and inequality: measurement and U.S. trends
- C. Transfer programs in the U.S.
- D. Program design
- E. Program evaluation methods
- F. Evidence on the impact of transfer programs

II. Social Insurance

- A. Justification for government involvement
- B. Cost of government involvement
- C. Financing social insurance
- D. Unemployment insurance: optimal program design
- E. Unemployment insurance: evidence on worker behavior
- F. Unemployment insurance: employers
- G. Social Security