

PLCY 720: Economic Analysis for Public Policy

Syllabus, Fall 2024

Instructor: Mehdi Shadmehr

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Lecture Times: T,Th 11:00 AM-12:15 PM

Lecture Location: Stone Center, Room 210

Office Hours: Th 2:00-4:00 PM,

or by appointment

OH Location: Zoom or Abernethy 209

TA: Carla de Oliveira Palacios

E-mail: cddop@unc.edu

Recitation Time: F 11:15 AM-12:05 PM

Recitation Location: Phillips Hall, Room 206

Office Hours: M-W 1-2 (or by appointment)

OH Location: Zoom or Abernethy TBA

All zoom links will be posted on Canvas.

Mask Use

UNC-Chapel Hill is committed to the well-being of our community – not just physically, but emotionally. The indoor mask requirement was lifted for most of campus on March 7, 2022. If you feel more comfortable wearing a mask, you are free to do so. There are many reasons why a person may decide to continue to wear a mask, and we respect that choice.

Course Overview

This course explores the application of economic analysis in public policy, with an emphasis on public finance. The first part of the course develops the concepts, techniques, and framework of analysis, including externalities, and social welfare analysis. The second part applies the framework and techniques to public policy and public finance questions. Examples include social insurance, social security, health insurance, unemployment insurance, and taxation.

Learning Objectives

Upon completing this course, students will be able to demonstrate: (1) the knowledge of fundamental public finance concepts and tools; (2) the skill to apply that knowledge to investigate public policy problems.

Required Course Material

- Gruber, Jonathan. 2022. *Public Finance and Public Policy. Seventh Edition.* New York: Worth Publishers (Macmillan Learning).

The E-book and Paperback versions are available for renting and for buying at Macmillan Learning Student Store.

Recommended Material:

- Nechyba, Thomas. 2017. *Microeconomics: An Intuitive Approach. 2nd Edition.* Boston, MA: Cengage Learning.
- Banerjee, Abhijit A., and Esther Duflo. 2012. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty.* Available online through UNC-CH library.

Course Requirements/Assignments and Grading Rubric

Individual Homework Assignments (40%): 5 homework assignments, 8% each, to be returned individually.

Group Presentation of an Academic Paper (20%): each group will present an assigned academic paper.

Group Presentation and Writing of a Term Paper (25%): each group will write and present a research paper.

Group Progress Report (5%): each group will write a 0.5-1 page progress report.

Class Attendance and Participation (10%): 0.25% per lecture and per recitation session for participation (assigned to all members of a group, except to those who are absent) up to a maximum of 10%.

Individual Assignments

- There will be 5 Homework Assignments associated with the material that we cover in the first 4 weeks of the class and on week 7 (social insurance). Each homework assignment will be made available on Friday during the class and will be due on the following *second* Sunday at 11:59 PM EST. For example, Homework Assignment #1 will be made available on Friday, Aug 23, and it will be due on Sunday, Sep 1, at 11:59 PM EST.

- Each Homework Assignment will constitute 8% of the total grade, adding up to a total of 40%.
- Each Homework Assignment must be completed individually.
- All assignments must be typed and submitted in pdf or word format.
- **There will be no makeup or deferred homework assignment: Students unable to submit homework assignments for reasons identified in the University Approved Absences (see below) will have the weight shifted to other individual homework assignments; otherwise, a grade of zero will be assigned.** Each homework assignment and its associated course material will be covered in class at least 9 days before the assignment is due, and assignments can be completed at any time before the due date. Thus, only situations where someone can document the above-mentioned circumstances **for an extended period (e.g., several days prior to the due date)** could warrant shifting the assignment weight to the final exam. Moreover, technical problems can be expected to occur with computer systems (and internet availability), so you should not wait until the last minute to submit your assignment. The key lesson here is do not wait until the Sunday night when the homework is due.

Group Assignments

Students will be divided into groups. A student can choose to work on their own for group assignments.

Good teamwork is critical for effective performance. To ensure participation of all group members in the learning process, students may have the opportunity to complete a peer assessment survey at the end of the semester. At the instructor's discretion, your peers' assessments of your contributions to the team assignments may influence your class participation grade. In order to maintain your team member's privacy under such circumstances, I won't discuss components of your class participation grade with you.

Group Presentation of an Academic Paper

- Each group is collectively responsible to present an academic paper, which will be assigned to that group. When possible, the group's preferences for the topics will be taken into account. Note that every member of a group gets the same points for group assignments. The ability to work together is part of the learning objective of this assignment.
- Presentations will begin on week 5 and continue to week 12-13 (typically, one presentation per week on the topic covered in that week).
- This presentation will constitute 20% of your grade.

Group Presentation and Writing of a Term Paper

- Each group is collectively responsible to present and turn in a term paper. The term paper must be around 5 pages on a topic that will be announced. Note that every member of a group gets the same points for the quality of the presentation. The ability to work together is part of the learning objective of this assignment.
- **A progress report must be submitted by the end of week 6.** The length of the progress report can be up to 500 words. It can be a reasonable plan of action. This progress report will constitute 5% of your grade.
- Presentations will be in class between weeks 14 and 16. This presentation will constitute 10% of your grade.
- The term paper must be typed and submitted in pdf or word format. This term paper will constitute 15% of your grade.
- The term paper will be due on Dec 10, at 5 PM EST.

Class Attendance, Preparation, and Participation

- Class attendance (in-person) is expected for **all** lectures and recitation sessions. We will have 28 lectures and 12 recitation sessions in this semester. Starting from our first class (Aug 20) and our first recitation session (Aug 23), attending each class (lecture and recitation session) will constitute 0.25% of the total grade up to a maximum of 10%.
 - Class attendance may be recorded through the UNC Check-in App, described here: <https://unccheckin.unc.edu/>. At some point in each class, I'll ask students to register their attendance, and those who are in class can register their attendance through the UNC Check-in App on their phones. Please make sure that you download the app on your phone.
 - Students are expected to read the chapter covered in each week **before** our first class in that week (that is, before Tuesday).
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Grading Scale

Letter Grade	Description	Point Range
H	High Pass: Clear excellence	[90%,100%]
P	Pass: Entirely Satisfactory Graduate Work	[75%,89%]
L	Low Pass: Inadequate Graduate Work	[60%,74%]
F	Fail	[0,59%]

Attendance Policy

University Policy: As stated in the University's (Class Attendance Policy), no right or privilege exists that permits a student to be absent from any class meetings, except for these University Approved Absences:

1. Authorized University activities: University Approved Absence Office (UAAO) website provides information and FAQs for students related to University Approved Absences
2. Disability/religious observance/pregnancy, as required by law and approved by Accessibility Resources and Service and/or the Equal Opportunity and Compliance Office (EOC)
3. Significant health condition and/or personal/family emergency as approved by the Office of the Dean of Students, Gender Violence Service Coordinators, and/or the Equal Opportunity and Compliance Office (EOC).

Additional information is available at the University Approved Absence Office.

Honor Code

The Honor Code of the university is in effect at all times, and the submission of work signifies understanding and acceptance of those requirements. If you have questions about your responsibility under the honor code, please ask me or consult with the office of the Dean of Students or the Instrument of Student Judicial Governance (<http://instrument.unc.edu>).

Syllabus Changes

The professor reserves the right to make changes to the syllabus, including homework assignment due dates. These changes will be announced as early as possible.

Communication

Every week, you have lots of opportunities to directly interact and communicate with me or Carla during lectures, the TA session, and office hours—about 7.5 hours per week. Please use these opportunities to ask your questions and consult the syllabus and Canvas for announcements and information that you may be looking for. **If, after looking at the syllabus and Canvas announcements, you still have a question that cannot wait until the class, TA session, or office hours, please email Carla first.** If you want to have a confidential discussion with me outside office hours, please send me an email to set up an appointment. To ensure FERPA compliance, you must use your UNC email for communications.

Copyright and Faculty Lecture Content

UNC's Copyright Policy prohibits students from making commercial use of notes taken in class; you may not sell or otherwise acquire financial or commercial gain from notes you take in this class. This includes exchanging uploaded notes for access to websites that trade in course materials (notes, tests, etc.). Students do not have rights to post or sell materials from a class without permission from the original faculty member who created the material. For example, students do not have rights to upload content that faculty have created to online learning platforms, such as Course Hero. In addition, although students own their work, the Copyright Policy forbids them from selling classroom notes and exercises they have created. Students found to have violated this prohibition are in violation of the Honor Code.

Accessibility Resources and Service

Accessibility Resources and Service (<https://ars.unc.edu>) (ARS – ars@unc.edu) receives requests for accommodations, and through the Student and Applicant Accommodations Policy determines eligibility and identifies reasonable accommodations for students with disabilities and/or chronic medical conditions to mitigate or remove the barriers experienced in accessing University courses, programs and activities.

ARS also offers its Testing Center resources to students and instructors to facilitate the implementation of testing accommodations.

(source: <https://curricula.unc.edu/syllabus-guidelines/>)

Counseling and Psychological Services

UNC-Chapel Hill is strongly committed to addressing the mental health needs of a diverse student body. The Heels Care Network website (<https://care.unc.edu>) is a place to access the many mental resources at Carolina. CAPS is the primary mental health provider for students, offering timely access to consultation and connection to clinically appropriate services. Go to their website <https://caps.unc.edu/> or visit their facilities on the third floor of the Campus Health building for an initial evaluation to learn more. Students can also call CAPS 24/7 at 919-966-3658 for immediate assistance. (source: Student Safety and Wellness Proposal for EPC, Sep 2018; Reviewed and approved by Counseling and Psychological Services, March 2023)

Title IX Resources (UNC Policy addressing Discrimination and Harassment)

Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Reports can be made online to the EOC at <https://eoc.unc.edu/report-an-incident/> or by contacting the University's Title IX Coordinator (Elizabeth Hall, titleixcoordinator@unc.edu) or the Report and Response Coordinators in the Equal Opportunity and Compliance Office (reportandresponse@unc.edu). Confidential resources include Counseling and Psychological Services and the Gender Violence Services Coordinators (gvsc@unc.edu). Additional resources are available at safe.unc.edu.

(Source: <https://eoc.unc.edu/our-policies/state-and-federal-laws/title-ix-and-vawa/>; Reviewed and approved by the Office of Equal Opportunity & Compliance, March 2023)

Weekly Calendar (Schedule of Topics)

We aim to be flexible with respect to the speed of the class and the schedule of topics. We have an ideal timeline that we aspire to follow. That ideal is presented on the last page of the syllabus. However, the goal of the class is to maximize learning, and we will be flexible and may deviate from that timeline to optimize the learning process—the red dates on the timeline indicate dates when there will not be a class due to university academic calendar.

The Schedule for Homework Assignments were presented under Course Requirements/Assignments and Grading Rubric.

Artificial Intelligence (AI) Use Policy

The following uses of generative AI tools are permitted in this course. Categories of possible permitted use include, but are not limited to: topic selection, brainstorming and idea generation, research, source validation, outlining and planning, drafting, media creation, peer review, revising, and polishing. Before using AI for this course, students must read the guidelines provided by the Office of the Provost at <https://provost.unc.edu/student-generative-ai-usage-guidance/>. All those guidelines are in effect for this course. I emphasize the last paragraph of that document here:

All ideas that are not originally your own have a source and that source must be attributed. Please be aware that generative AI tends to invent sources. You have a two-fold obligation with respect to attribution:

1. If a source is identified, find and attribute the original source of the idea, identify the location of the text within the source, and provide a working link to the location (if the source is available online). If you are not able to locate the source, delete that content.
2. Document the process by explaining how you used generative AI in a work statement that will accompany your submission of assignments. As you submit a project, develop, and include an appropriate version of the below statements:
 - “I attest that this project did not use AI at any stage in its development or in the creation of any of its components.”
 - “I attest that this project made use of AI in the following ways:” after which you must document your usage by filling the form available at (the end of the webpage): <https://provost.unc.edu/student-generative-ai-usage-guidance/>

(Source: <https://curricula.unc.edu/syllabus-guidelines/>; Reviewed and approved by the UNC Generative AI Committee Chair, December 2023; and <https://provost.unc.edu/student-generative-ai-usage-guidance/>)

Dates	Topic	Reference
Week 1 (Aug 20-22)	Introduction	Ch. 1
Week 2 (Aug 27-29)	Theoretical Tools	Ch. 2
Week 3 (Sep 3-5)	Empirical Tools	Ch. 3
Week 4 (Sep 10-12)	ET & Budget Analysis	Ch. 3 & 4
Week 5 (Sep 17-19)	Political Economy	Ch. 9
Week 6 (Sep 24-26)	Education (Progress Report Due)	Ch. 11
Week 7 (Oct 1-3)	Social Insurance	Ch. 12
Week 8 (Oct 8-10)	Social Security	Ch. 13
Week 9 (Oct 15-17)	Guest Lecture (Investment)	Ch. 13
Week 10 (Oct 22-24)	Guest Lecture (Monte Carlo Method) & Presentations	
Week 11 (Oct 29-31)	Unemployment Insurance	Ch. 14
Week 12 (Nov 5-7)	Health Insurance I	Ch. 15
Week 13 (Nov 12-14)	Health Insurance II	Ch. 16
Week 14 (Nov 19-21)	Taxation & Term Paper Presentations	Ch. 24
Week 15 (Nov 26-28)	Term Paper Presentations	
Week 16 (Dec 3-5)	Term Paper Presentations	