Economics 2450B: Public Economics
Dept. of Economics, Harvard University
Spring 2023

Professor Nathaniel Hendren
Teaching Fellow: Victoria Angelova

Class: Tuesday, 3-545pm (Littauer M16)
Section: Wednesday, 4:30-5:30pm (TBD)
OH (with Victoria): Wednesday, 5:30-6:30pm (TBD)

Course Description
The course will focus on a range of topics in public economics including welfare estimation of government policies, public goods, insurance markets, the optimal provision of social insurance, child-targeted policies, and place-based policies. The course will devote considerable attention to the development of an integrated theoretical toolkit for normative evaluation of those government policies.

Course Requirements
There are four requirements for this course:

1. Problem sets – there will be 3 problem sets that you are required to complete.

2. Research proposal -- you will be asked to develop a research proposal and introductory analysis that either builds on an existing paper or is an independent topic. All projects must be approved by Prof. Hendren. So that you have sufficient time to focus on the exam, all projects will be due on April 21. Please submit your proposal in the form of a 3-5 page write-up that discusses the question of interest, proposed methodology, and any preliminary results.

3. Final exam – this will take place during the registrar's allotted time during exam period.

4. Weekly Responses -- Each week you must read the listed paper below that will be covered in each class and submit a 1-paragraph (no more than 1/2 page) response to the paper that provides 1-2 concerns you have with the analysis or discussion in the paper (do not spend any ink summarizing the paper). For each paper, we will also offer 2-3 prompts that could guide your response. These responses need to be submitted to Canvas by 7am on the day of class to enable me to read them before class.

Your grade will be 50% final exam, 25% problem sets, 20% research proposal, and 5% weekly responses.

Lecture Schedule and Required Readings
The lecture plan for the course is below. I will aim to do all lectures in-person, but will also utilize the hybrid technology in M-16 to enable students to participate via Zoom. In-class discussion is by far the best way to facilitate knowledge. I encourage all of you to join in-person. That said, this is a course that is fundamentally about externalities: if you are at all feeling unwell, please join by zoom. My unvaccinated infant son appreciates your consideration. I will also aim to record all classes and post on the Canvas course website.

The schedule is as follows:

1. **Empirical Welfare Estimation** (Jan 24)

2. **Redistribution Concerns** (Jan 31)
   - Discussion Paper: [Bourguignon and Spadaro (2008)](#)
   - Discussion Prompt: Do you believe the finding of near-zero or even negative weights at the top? Why or why not?

3. **Commodity Taxes, Subsidies and Public Goods** (Feb 7)
   - Discussion Paper: [Ferey, Lockwood, and Taubinsky (2021)](#)

4. **Human Capital and Education** (Feb 14)
   - Discussion Paper: [Bovenberg and Jacobs (2005)](#)

5. **Child and Family-Targeted Policies** (Feb 21)
   - Discussion Paper: [Persson and Rossin-Slater (2019)](#)

6. **Place-based policies** (Feb 28)
   - Discussion Paper: [Chyn and Daruich (2021)](#)

7. **Discussion class: Tax enforcement + the great EITC / CTC debate?** (March 7)
   - Discussion Paper: [Bastian and Jones (2020)](#)
   - Discussion Paper: [Kleven (2021)](#)

8. **Adverse Selection and Insurance Market Failures** (March 21)
   - Discussion Paper: [Hendren (2013)](#)

9. **Optimal Social Insurance: UI** (March 28)
   - Discussion Paper: [Landais and Spinnejwin (2020)](#)

10. **Welfare Analysis of Health Insurance (I)** (April 4)
    - Discussion Paper: [Einav, Finkelstein, and Cullen (2010)](#)

11. **Welfare Analysis of Health Insurance (II)** (April 11)
    - Discussion Paper: [Goldin, Lurie, and McCubbin (2020)](#)

12. **Disability Insurance and Dynamic Social Insurance** (April 18)
    - Discussion Paper: [Deshpande and Mueller-Smith (2021)](#)

13. **Behavioral Biases** (April 25)
    - Discussion Paper: [Chetty, Friedman and Saez (2013)](#)