School of Public Policy and Public Administration  
PPPA 8105  
PhD Seminar: Economic Models and Public Policy Analysis  
Fall 2014  
Professor Burt Barnow/Professor Joseph Cordes

Class Meeting: Media and Public Affairs Building, Room 601Z.  
Tuesday: 6:10 to 8:00 P.M.

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Office Hours: By appointment

Learning Objectives:

This is a PhD-level course that focuses on topics in public economics and human capital theory and labor economics. At the conclusion of the course, students will have an understanding of various models for analyzing public sector institutions, expenditures and revenues; and of labor economic/human capital models and how these relate to public policy research.

The course has the following specific objectives:

- To familiarize students with some of the theoretical foundations of public expenditure and revenue analysis, human capital theory and labor economics.

- To introduce students to the various approaches to research in these areas field, which (consistent with the interdisciplinary nature of public policy and administration) rely on tools from many fields, such as economics, and political science.

- To provide students with an opportunity to do independent research that furthers some larger career objective, such as making progress toward a dissertation topic or producing a publishable paper.

Required Readings

There is no required textbook for the course. Instead, it will rely on a substantial number of readings, mainly from academic journals and handbooks, posted on Blackboard. In most weeks, 100-150 pages of reading will be required. It is vital that students keep up with these readings. In addition, each student will be required to read and report on one book either selected from the list below, or selected by the student
with the approval of the instructor(s).

**Course Requirements**

While course grades in a PhD-level course are a relatively unimportant predictor of future success, there will be three main components (in addition to class participation) used to determine your grade. The first of these is the book summary referenced above. The second is a major paper on some budget and finance related issue. The third is an oral presentation on your paper. See attachment for more guidance. The course requirements will be weighted as follows:

- Book Summary — 25 percent
- Class Participation— 15 percent
- Oral Presentation— 10 percent
- Final Paper— 50 percent (*Due on December 12*)

Please note that this syllabus is intended as a guide to the course for the student. Sound educational practice requires flexibility and the instructor may, with appropriate notice, change content and requirements at any time during the semester.

**Class Schedule at a Glance**

**I. Introduction**

A. August 26—Course Overview

B. September 2— Economic Role of Government

C. September 9— Basic Principles of Incidence Analysis

D. September 16---Expenditure Analysis

E. September 23---Income and Wealth Inequality

F. September 30---Political Economy of Inequality and Transfers

G. October 7 --- Public Finance and Behavioral Economics

H. October 14--- Basic Human Capital Theory

I. October 21 — Immigration

J. October 28 — Returns to Higher Education
K. November 4—Social and Private Returns to Education
L. November 11—Discrimination
M. November 18—Occupational Training and Health
N. November 25—Course Wrap-up and paper presentations
O. December 2—Paper Presentations

II. Course Outline and Reading List

A. August 26—Course Overview

B. September 2—Frameworks for Public Expenditure Analysis


C. September 9—Basic Principles of Incidence Analysis

*Tax Incidence*


*Expenditure Incidence*


D. September 16—Public Expenditure Analysis

Frameworks for Policy Analysis


Cost Benefit Analysis

Boardman, et. al., Cost Benefit Analysis: Concepts and Practice, 4th Edition. (Chs. 1 and 2)


Incidence of Federal Education Subsidies


E. September 23—Measuring Income Inequality

Measures and Indicators


Inequality of Income and Wealth

Atkinson, 2014. Chartbook on Inequality (website)  
http://www.chartbookofeconomicinequality.com/about/


American Enterprise Institute, 2014. Opportunity for All: How to Think About Inequality. pp. 3-7; 49-86.

http://www.equality-of-opportunity.org/


Tax and Budget Policy and Inequality


F. September 30 ---Political Economy and Incentive Effects of Inequality and Transfers

*Political Economy*


*Behavioral Response to Transfers*


G. October 7— Public Finance and Behavioral Economics


H. October 14 — Basic Theory of Human Capital and Investments Prior to Age 5


I. October 21 — Immigration


J. October 28—Returns to Higher Education


K. November 4 — Social v. Private Returns to Education


L. November 11—Discrimination


M. November 18—Occupational Training and Health


N. November 25—Course Wrap-Up Paper Presentations

O. December 2 or Dec. 9--- Paper Presentations
Assigned Books for Summaries

Each student, over the course of the semester, is to read and write a 7-10 page critical summary of one book or monograph. Each student is to identify his or her top 3 choices for books to read, in priority order, by Friday, Aug. 29. We will then make book assignments on or before the second class session. Students can suggest books to read and summarize that are not on the list below with instructor approval.

The books available for summary are as follows:


Akerlof and Cranton, 2010. Identity Economics: How Our Identities Shape Our


Murnane, Methods Matter: Improving Causal Inference in Educational and Social Science Research.


Major Paper Instructions

Each student is required to prepare a major research paper over the course of the semester. This paper should focus on one (or more, if appropriate) of the research areas introduced over the course of the semester. The more important two criteria for the paper topic are as follows:

- The paper should focus on a question or issue of interest to the student.
- The paper should do something for the student beyond just satisfying a requirement for this course. For example, the paper could be the start of a literature review for a topic that the student’s wishes to explore for a dissertation topic. The goal might also be to produce something that is publishable.
- Many possible topics and approaches are possible.

Each student should identify a topic by class on Tuesday, September 25th, and should provide a one to two page proposal in class (or by email) on that day. The paper itself will be due on Tuesday, December 11th. You should feel free to contact Professors Barnow or Cordes about appropriate paper topics, as well as sources for your individual papers.

Students will make an oral presentation, summarizing their research, on either Dec. 3. Thus, while you do not need to have the paper finalized by that date, the research needs to be sufficiently complete for you to make a thorough presentation.