

Economics 309 – Economic Problems and Public Policies

Course: ECON 309 (Wed, 7:20 – 10 pm)

Term: Spring 2020

Location: Planetary Hall (formerly Science & Tech I) 212

Instructor: Natalya Naumenko

Office Hours: Carow Hall office 10 (by appointment)

Email: nnaumenk@gmu.edu (Please include “309” in the subject line). On weekdays I check my email twice a day (at around noon and at around 5 pm). Please plan accordingly

Website: I will use Blackboard for all course-related materials

Course description

This class has two goals: first, to introduce you to the examples of the frontier economics research on topics dominating the public debate, and second, to provide space for communicating, debating, and presenting ideas. As MIT professor Patrick Winston put it, “your success in life will be determined largely by your ability to speak, your ability to write, and the quality of your ideas (in that order)”. The class will, therefore, consist of two parts. During the first half, I will present papers and will talk about policy implications. I will ask you to read these papers before each class, to think about policy implications, and to submit a one-page reaction paper (see below). Starting on Week 11 (April 1) each student will prepare a 40-minutes presentation of one of the randomly assigned papers, and we will have two or three presentations per class with a subsequent discussion.

Books

The course does not have a one specific textbook. I will post all reading materials on Blackboard.

Recommended but not required

These two recent books present an interesting and inspiring overview of the economics profession and its impact on policies:

Binyamin Appelbaum (2019) “The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society”

Abhijit V. Banerjee and Esther Duflo (2019) “Good Economics for Hard Times”

Grading

Reaction papers – 30%

Attendance and class participation – 10%

Midterm – 30%

In-class presentation – 30%

Reaction papers

Starting with Week 2 and until the student presentations I will ask you to submit a one-page written reaction paper on the readings for each week. It can focus on questions for discussion, personal reflection, ideas for new research or policy. Please send your paper via email by 3 pm on the day of the class.

Midterm

Midterm is a two-hour written exam. The questions will test your understanding of the readings from week 2 to week 7.

In-class presentation

Each student has to prepare a 40-minutes presentation of a randomly assigned paper on a topic related to economic policy. I will assign presentations after the second class. The presentation should answer the following: what question the authors ask, what data and methodology they use, and what answers they give – basically, you will need to explain to your peers what the paper is about. If you want to switch with someone, let me know. If you are struggling with the assigned paper, let me know, we can find something else on the topic.

Attendance

Class attendance is mandatory. If you need to miss a class, please let me know as soon as possible. You will be required to submit a 4-page overview of the readings for the missed class (in addition to reaction paper).

Schedule

Week 1 (January 22) – Overview and logistics of the course. Introduction

Paola Sapienza and Luigi Zingales (2013) “Economic Experts versus Average Americans”, American Economic Review: Papers & Proceedings

Esther Duflo (2017) “The Economist as Plumber”, American Economic Review: Papers & Proceedings

Week 2 (January 29) – Causal inference and how to read economic papers

Martin Ravallion (2001) “The mystery of the vanishing benefits: an introduction to impact evaluation”, The World Bank Economic Review

David A. Freedman (1991) “Statistical models and shoe leather”, Sociological Methodology

Week 3 (February 5) – Migration: perception and facts

Marco Tabellini (2019) “Gifts of the Immigrants, Woes of the Natives: Lessons from the Age of Mass Migration”, Harvard Business School BGIE Unit Working Paper No. 19-005

Patricia Cortés and José Tessada (2011) “Low-Skilled Immigration and the Labor Supply of Highly Skilled Women”, American Economic Journal: Applied Economics

Oscar Barrera, Sergei Guriev, Emeric Henry, Ekaterina Zhuravskaya (2020) "Facts, alternative facts, and fact checking in times of post-truth politics", Journal of Public Economics

Week 4 (February 12) – Migration: why few people move

Emi Nakamura, József Sigurdsson, and Jón Steinsson (2019) "The Gift of Moving: Intergenerational Consequences of a Mobility Shock", NBER Working Paper No. 22392

Gharad Bryan, Shyamal Chowdhury, and Ahmed Mushfiq Mobarak (2014) "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh", Econometrica

Peter Ganong and Daniel Shoag (2017) "Why has regional income convergence in the U.S. declined?", Journal of Urban Economics

Week 5 (February 19) – Trade: gains

Core Economics Chapter 18 "The nation and the world economy", <https://core-econ.org/the-economy/book/text/18.html>

Arnaud Costinot and Andrés Rodríguez-Clare (2018) "The US Gains from Trade: Valuation Using the Demand for Foreign Factor Services", Journal of Economic Perspectives

Réka Juhász (2018) "Temporary protection and technology adoption: Evidence from the Napoleonic Blocade", American Economic Review

Week 6 (February 26) – Trade: losses

Topalova "Factor immobility and regional impacts of trade liberalization"

David H. Autor, David Dorn, Gordon H. Hanson () "The China Syndrome: Local Labor Market Effects of Import Competition in the United States"

Benjamin Hyman (2018) "Can Displaced Labor Be Retrained? Evidence from Quasi-Random Assignment to Trade Adjustment Assistance", SSRN working paper No. 3155386

Week 7 (March 4) – Race, ethnic, and gender stereotypes

Raj Chetty, Nathaniel Hendren, Maggie R. Jones, Sonya R. Porter (2019) "Race and Economic Opportunity in the United States: An Intergenerational Perspective", NBER Working Paper No. 24441

Amanda Agan and Sonja Starr (2018) "Ban the Box, Criminal Records, and Racial Discrimination: A Field Experiment", The Quarterly Journal of Economics

Dylan Glover, Amanda Pallais, and William Pariente (2017) "Discrimination as a Self-Fulfilling Prophecy: Evidence from French Grocery Stores", The Quarterly Journal of Economics

Week 8 (March 11) – spring break, no class

Week 9 (March 18) – midterm

Week 10 (March 25) – Race, ethnic, and gender stereotypes: polarization and segregation

Ellora Derenoncourt (2018) “Can you move to opportunity? Evidence from the Great Migration”, working paper

Matthew Gentzkow and Jesse Shapiro (2010) “What drives media slant? Evidence from U.S. daily newspapers”, *Econometrica*

Johanne Boisjoly, Greg J. Duncan, Michael Kremer, Dan M. Levy, and Jacque Eccles (2006) “Empathy or Antipathy? The Impact of Diversity”, *American Economic Review*

Week 11 (April 1) – STUDENT PRESENTATIONS Automation and robotization; Climate

David H. Autor (2014) “Why Are There Still So Many Jobs? The History and Future of Workplace Automation”, *Journal of Economic Perspectives*

Daron Acemoglu and Pascual Restrepo (2017) “Robots and Jobs: Evidence from US Labor Markets”, NBER Working Paper No. w23285

Lucas Chancel and Thomas Piketty (2015) “Carbon and inequality: from Kyoto to Paris”

Week 12 (April 8) – STUDENT PRESENTATIONS Climate; Taxes

Melissa Dell, Benjamin F. Jones, and Benjamin A. Olken (2014) “What Do We Learn from the Weather? The New Climate-Economy Literature”, *Journal of Economic Literature*

Isabel Z. Martinez, Emmanuel Saez and Michael Siegenthaler (2018) “Intertemporal Labor Supply Substitution? Evidence from the Swiss Income Tax Holidays”, NBER Working Paper No. 24634

Owen Zidar (2019) “Tax Cuts for Whom? Heterogeneous Effects of Income Tax Changes on Growth and Employment”, *Journal of Political Economy*

Week 13 (April 15) – STUDENT PRESENTATIONS Public policies in the developing world

Abhijit V. Banerjee (2016) “Policies for a better-fed world”, *Review of World Economics*

Abhijit V. Banerjee, Rema Hanna, Gabriel E. Kreindler, and Benjamin A. Olken (2017) “Debunking the Stereotype of the Lazy Welfare Recipient: Evidence from Cash Transfer Programs”, *The World Bank Research Observer*

Week 14 (April 22) – STUDENT PRESENTATIONS Public policies in the US

Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz (2016) “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment”, *American Economic Review*

Jorge Luis García, James J. Heckman, Duncan Ermini Leaf, and María José Prados (2016) “The Life-cycle Benefits of an Influential Early Childhood Program”, NBER Working Paper No. 22993

Week 15 (April 29) – STUDENT PRESENTATIONS The value of a statistical life and the universal basic income

H. Spencer Banzhaf (2014) “Retrospectives: The Cold-War Origins of the Value of Statistical Life”, *Journal of Economic Perspectives*

Olli Kangas, Signe Jauhiainen, Miska Simanainen, Minna Ylikännö (2019) “The basic income experiment 2017–2018 in Finland: Preliminary results”, Reports and Memorandums of the Ministry of Social Affairs and Health

Academic Ethics

Cheating hurts the best students – they cannot distinguish themselves from the cheaters. Please note that you are at an Honor Code university. You are expected to conduct yourself in a manner that is consistent with the learning mission of the University. All forms of academic dishonesty are strictly forbidden. This includes but is not limited to the following: communicating with other students during exams; unapproved references to books, notes or “cheat sheets” during exams; and plagiarism – representing another person’s work as your own. You should be aware that plagiarism is often easy to recognize. For further information on academic ethics, please consult the student handbook.

Disability accommodations

Disability Services at George Mason University is committed to upholding the letter and spirit of the laws that ensure equal treatment of people with disabilities. Under the administration of University Life, Disability Services implements and coordinates reasonable accommodations and disability-related services that afford equal access to university programs and activities. Students can begin the registration process with Disability Services at any time during their enrollment at George Mason University. If you are seeking accommodations, please visit <http://ds.gmu.edu/> for detailed information about the Disability Services registration process. Disability Services is located in Student Union Building I (SUB I), Suite 2500. Email: ods@gmu.edu | Phone: (703) 993-2474