Course Description
The role that government plays in the lives of ordinary citizens has evolved dramatically over the past several decades. Even in the “free market” United States, spending on income security, health, and public pensions has increased from less than ten percent of government spending in the 1950s to over half of spending today. This tutorial will explore the economic justifications for and impacts of this evolution of the role of government. Particular attention will be paid to the theory of social insurance with emphasis on government involvement in the healthcare system; public pensions; unemployment insurance; education; and anti-poverty programs.

Instructor Information
Instructor: Prof. Damien Sheehan-Connor
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Office Hours: W 2:30-4pm, Th 2:30-4pm

Course Website
A course website will be maintained at http://moodle.wesleyan.edu. Important information will be posted and grades will be recorded here. All written assignments should be passed in through Moodle. Course announcements with a critical time component will be posted, but also e-mailed to class members.
Readings
The required textbook for this course is:


The book contains the core material for the course. In addition, we will read several journal articles that complement the textbook readings; see the “Course Timeline” below for details. The readings will sometimes contain more mathematics than many of you will have encountered before. The emphasis will be on understanding the concepts, the underlying intuition, and the implications of the math. Students will not be expected to solve mathematical problems or replicate math from the readings.

Tutorial Sessions
The tutorial sessions will be used to discuss the textbook readings and journal articles. The course professor will lead discussion of the textbook readings highlighting key points and helping to develop intuition about the more mathematical concepts. Each student will be responsible for leading the discussion of one journal article at some time during the course; see below for details.

Student participation in the Tutorial Session will account for 10% of the final course grade.

Response Papers
Before each tutorial session (including the first one) students are required to submit a response paper based on the reading for that session. The response paper is **due at 8AM on the day of the tutorial** so that the instructor has time to read them before class.

The response papers should provide answers to three items:

1. Summarize the reading for the day. Be sure to state clearly what the main subjects of the reading are and the most important conclusions drawn by the authors.
2. What do you find most interesting and/or useful about the readings and why?
3. What evidence or conclusion presented in the readings do you find least convincing and why?

These “papers” are not expected to be stand-alone essays addressing the three questions. Rather, you should answer each question separately, with the answers numbered 1, 2, 3. Your audience is the instructor and the papers have two goals: (1)
to demonstrate that you have read and thought about the material before the
tutorial session; and (2) to highlight for the instructor any areas of interest or
difficulty so that the tutorial sessions can be usefully focused. Each response paper
should be at least one-and-a-half pages and no more than three pages (1 inch
margins; 12 point font; double-spaced).

The response papers will be given grades of check-plus, check, check-minus, or zero
(if not passed in) and will account for 20% of the final course grade.

Student Led Discussion
During the tutorial, each student will be required to lead the discussion of one
journal article. The student leading a discussion should come to class prepared to
give a 10 to 15 minute presentation summarizing the paper and then to facilitate 15-
20 minutes of open discussion.

At the first tutorial session, a list of journal articles and presentation dates will be
provided to the class. Students will be ordered at random and sign up for which
paper/date they will present. The articles are of varying length and degree of
difficulty. The instructor’s expectations regarding the content of the student
presentation will vary accordingly.

Students will be graded on their presentation and preparedness to lead the class
discussion. This grade will account for 30% of the final course grade.

Research Paper
On the last day of class, students are required to hand in a 15 to 20-page research
paper (1 inch margins; 12 point font; double-spaced; excluding reference list, tables,
and figures). The paper should analyze one particular area of government welfare
policy from an economic point of view.

The first step in choosing a topic is to pick a broad area of welfare policy. Defining
what policies are part of “the welfare state” is difficult, as discussed in Section 1.2 of
the textbook. The following is a non-exhaustive list of potential policy areas to write
about:

• Anti-poverty programs
• Programs to reduce economic inequality
• Social insurance programs
  o Unemployment
  o Disability
  o Worker’s compensation
• Government role in:
  o Education
  o Healthcare
• Public Pensions
Once you have chosen a policy area, you should think whether you would like to write broadly about that area or focus on a particular policy (for example, "primary education" versus "the No Child Left Behind law"). It is often easier to write with a focus on a single policy, but harder to draw general conclusions and make broad policy recommendations.

All papers should address the following question:
1. What is the economic justification for government intervention in this area? Are there reasons that private markets fail to achieve efficiency?

Papers with a broad focus should then answer:
2. What policies are available to the government to address the issues raised in question 1?
3. What are the (likely) impacts of these policies? Discuss both theoretical impacts and empirical evidence.
4. What are the relative merits of the different policy options? Make and defend a recommendation of the best approach to pursue.

Papers with a focus on a specific existing policy should answer:
2. Describe the specific policy. How does it address the issues raised in question 1?
3. What have been the impacts of this policy? Discuss both theoretical impacts and empirical evidence.
4. Has the policy been successful at addressing the issues raised in question 1? Make and defend a recommendation as to whether the policy should be: (a) continued in its current form; (b) modified; or (c) abandoned in favor of some alternative (including the alternative of no government intervention in this area).

Papers with a focus on a specific proposed policy should answer:
2. Describe the specific policy. How does it address the issues raised in question 1?
3. What are the likely impacts of this policy? Discuss both theoretical impacts and empirical evidence from related policies, if any.
4. Make and defend a recommendation as to whether the policy should be implemented.

Note that questions 2 and 3 can be approached using a largely positive approach, that is without using value judgments. The answer to question 1 may be positive (if there are clear market failures) or normative (if social justice is a primary justification) or have elements of both. Question 4 may involve specifying normative aims, but should include a positive defense of how your recommendation will help to achieve those aims.
The sources used in writing your paper should be clearly documented. Refer to a source in the text using the “author, year” convention, (e.g. Smith, 1776). Provide a list of references at the end of the paper alphabetized by author's last name.

There will be two intermediate assignments due related to the research paper:

- Before class in Week 3, students should submit a one-page description of their paper topic. You should describe the policy area that you will write about and the specific policy if applicable. Provide at least five sources, including at least two from economics journals, that you have consulted. This item will not be graded, but failing to pass it in on time will result in a reduction of one grade on the final paper (e.g. an A- becomes a B+).
- Before class in Week 5, students should submit a two to four-page progress report. Include preliminary answers to Questions 1, 2, and 3 above. Provide at least ten sources, including at least five from economics journals, that you have consulted. This item will not be graded, but failing to pass it in on time will result in a reduction of one grade on the final paper (e.g. an A- becomes a B+).

The research paper will account for 40% of the final course grade.

**Grading**

The course grade will be based upon the following:

- Class participation 10%
- Response papers 20%
- Student Led Discussion 30%
- Final Research Paper 40%
**Academic Integrity**
Wesleyan University has an honor code that can be read at:

[http://www.wesleyan.edu/studentaffairs/honorboard/honorcode.html](http://www.wesleyan.edu/studentaffairs/honorboard/honorcode.html)

It is expected that students will abide by the honor code during this course.

Students are encouraged to discuss the readings and response papers before class, but the response papers should be written individually in each student’s own words.

Students are encouraged to discuss the paper they will present in the student-led discussion with other students, the course instructor, or anyone else who might be helpful.

The research paper will necessarily draw on the work of others, but the paper’s wording and the manner in which multiple sources are synthesized to make an argument should be original. I recommend that all students read the section of the Student Handbook that describes plagiarism:

[http://www.wesleyan.edu/studentaffairs/studenthandbook/standardsregulations/plagiarism.html](http://www.wesleyan.edu/studentaffairs/studenthandbook/standardsregulations/plagiarism.html)

**All research papers will be subjected to analysis by plagiarism detection software (i.e. turnitin.com).** Any suspected violations of the Honor Code will be referred to the Wesleyan University Honor Board.

**Students With Disabilities**
It is the policy of Wesleyan University to provide reasonable accommodations to students with documented disabilities. Students, however, are responsible for registering with Disabilities Services, in addition to making requests known to me in a timely manner. If you require accommodations in this class, please make an appointment with me as soon as possible (by the third week of the semester), so that appropriate arrangements can be made. The procedures for registering with Disabilities Services can be found at [http://www.wesleyan.edu/studentaffairs/disabilities/studentguide.html](http://www.wesleyan.edu/studentaffairs/disabilities/studentguide.html).
Course Timeline

Week 1: Social Justice, Market Failures
• Reading:
  o Textbook, Chapters 1-3
• Written Assignment:
  o Response paper

Week 2: Insurance Market Failure, Inequality
• Reading:
  o Textbook, Chapters 4-5
    ▪ Also see updated data and description for general public at: http://elsa.berkeley.edu/~saez/saez-UStopincomes-2011.pdf
    ▪ You need not try to understand every detail, especially of the methodology
    ▪ The point here is to get a sense of how income inequality has been changing and some ideas as to why it has been changing
• Written Assignment:
  o Response paper

Week 3: Unemployment and Disability Insurance
• Reading:
  o Textbook, Chapter 6
• Written Assignment:
  o Response paper
  o Research paper topic
Week 4: Public Pensions
- Reading:
  - Textbook, Chapter 7
- Written Assignment:
  - Response paper

Week 5: Anti-poverty Programs
- Reading:
  - Textbook, Chapters 8-9
- Written Assignment:
  - Response paper
  - Research paper progress report

Week 6: Healthcare
- Reading:
  - Textbook, Chapter 10
- Written Assignment:
  - Response paper

Week 7: Education and Wrap-up
- Reading:
  - Textbook, Chapters 11-13
- Written Assignment:
  - Response paper
  - Final Research Paper