

BOSTON COLLEGE
DEPARTMENT OF ECONOMICS

EC363
Spring 1997
T Th 3:00-4:15

Joseph F. Quinn
523 McGuinn, x2-4623
Office hours: T Th 4:30-5:30

MICROECONOMIC PUBLIC POLICY ANALYSIS

This is a seminar on the economic analysis of current microeconomic public policy issues. You will read articles on selected issues that I have chosen and will also prepare, present and revise papers on topics of your choice. The course is divided into two parts:

During the first part (Jan. 28 - Feb. 27), we will spend a week on each of the five topics listed below. We will have an exam on the material under topics I-V on Thursday, March 13

Also during the first half of the course, you will write the first draft (usually 15-20 pages) of a paper on a micro policy topic of your choice. This draft is due on Tuesday, March 11. The second half of the course (Mar. 18 - April 24) will then be run like a professional economics conference. We will all read each others' first drafts. One class member will be assigned as the primary discussant on each paper, and prepare a detailed critique for the author, and all the other students will write and hand in their constructive comments. During each class session, two students will present their papers, their discussants will present comments, criticisms and suggestions, and the class will do the same. With these and my comments, you will have an opportunity to rewrite the paper, and hand in the revised version (3 copies, please) by Tuesday, April 29.

COURSE REQUIREMENTS:

1. Assigned readings below, available at the bookstore or on reserve in O'Neill (*)
2. Assistance in the presentation of one of these assigned topics (I - V).
3. Preparation and presentation of a paper on a public policy topic of your choice.
4. Formal comments and discussion of one other student's paper.
5. Written comments on all other students' papers.
6. Attendance and active participation in class.
7. Midterm exam. (There will be no final exam.)

GRADING POLICY:

The approximate weights on your final grade are:

- (15%) Class participation and formal discussant's comments
- (35%) Midterm exam
- (50%) Paper
 - First draft (20%)
 - Final draft (30%)

COURSE PREREQUISITES:

The course prerequisite is Microeconomic Theory (EC201 or EC203). This course is designed for students with a good grasp of micro theory. If you have doubts about whether your economics background is appropriate for the course, please see me.

This course deals with externalities. In fact, it is a case study in externalities. Because of the importance of your three class presentations, what others learn depends on your effort. This course is designed for students willing to contribute significantly in and out of class.

SYLLABUS

(*) denotes available on reserve in O'Neill library.

INTRODUCTION (1/14)Market Failures (1/16)

1. (*) Harvey S. Rosen, "Tools of Normative Analysis," Chap. 4 in Public Finance, 1995, or the analogous chapter from any other intermediate Microeconomics text.
2. John E. Brandt, "Distilling Frenzy from Academic Scribbling: How Economics Influences Politicians," Journal of Policy Analysis and Management, Spring 1985, pp. 344-353.

Introduction to Econometrics (1/21)

1. (*) Sjoquist, Schroder and Stephen, "Interpreting Linear Regression Analysis: A Heuristic Approach," General Learning Press, 1974: 1-17, or skim the analogous introductory chapters on simple and multiple regression from any introductory statistics text.

No Class (1/23)PAPER TOPICS DUE (1/28)ASSIGNED TOPICS (1/28 - 2/27)I. Common Property Resources (Jan. 28 - 30)

1. (*) John Hanner, "Government Response to the Buffalo Hide Trade, 1871-1883," Journal of Law and Economics, October 1981, pp. 239-271 (skim).
2. Jon Krakauer, "A fishing frenzy strikes on Sitka when herring run," Smithsonian Magazine, October 1986, pp. 97-108.
3. Michael Wallace, "Managing Resources That Are Common Property: From Kathmandu to Capitol Hill," Journal of Policy Analysis and Management, Winter 1983, pp. 220-237.
4. Peter Pearse, "Building on Progress: Fisheries Policy Development in New Zealand," Ministry of Fisheries, Wellington, NZ, July 1991.
5. Paul Seabright, "Managing Local Commons: Theoretical Issues in Incentive Design," Journal of Economic Perspectives, Fall 1993, pp. 113-134.

II. Cash vs. In-Kind Benefits (Feb. 4 - 6)

1. Howard Chernick, "Fiscal Effects of Block Grants for the Needy: An Interpretation of the Evidence, unpublished manuscript, August 1996.
2. Edgar Olsen, "Housing Programs and the Forgotten Taxpayer," The Public Interest, Winter 1982, pp. 97-109.
3. Steven Kelman, "A Case for In-Kind Benefits," Economics and Philosophy, April 1986, pp. 55-73.

III. Smoking and Public Policy (Feb. 11 - 13)

1. Excerpts from the Office of Technology Assessment Staff Memorandum, Smoking-Related Deaths and Financial Costs, 1985.
2. Robert Goodin, "Harm to Others," chapter 3 in No Smoking: the Ethical Issues, 1989.
3. William Manning et al., "The Taxes of Sin: Do Smokers and Drinkers Pay Their Way?" Journal of the American Medical Association, 3/17/89, pp. 1604-1609.
4. Dwight Lee, "Environmental Economics and the Social Costs of Smoking," Contemporary Policy Issues, January 1991, pp. 83-92, and comment and reply.
5. Kenneth E. Warner et al., "Promotion of Tobacco Products: Issues and Policy Options," Journal of Health Politics, Policy and Law, Fall 1986, pp. 367-392.

IV. The Allocation of Human Spare Parts (Feb. 18 - 20)

1. Stephen Spurr, "The Proposed Market for Human Organs," Journal of Health Politics, Policy and Law, Spring 1993, pp. 189-202.
2. Roger D. Blair and David L. Kaserman, "The Economics and Ethics of Alternative Cadaveric Organ Procurement Policies," Yale Journal on Regulation, Summer 1991, pp. 403-452.
3. Ronald D. Guttman, "The Meaning of 'The Economics and Ethics of Alternative Cadaveric Organ Procurement Policies'," Yale Journal on Regulation, Summer 1991, pp. 453-462.
4. William deJong et al., "Options for Increasing Organ Donation," The Milbank Quarterly, 1995, pp. 463-479.

V. The Effects of the Minimum Wage (Feb. 25 - 27)

1. David Card and Alan B. Krueger, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania," American Economic Review, September 1994, pp. 772-793.
2. Review symposium on Card and Krueger's book, *Myth and Measurement: The New Economics of the Minimum Wage*, Industrial and Labor Relations Review, July 1995, pp. 827-849.
3. Richard Burkhauser and A. Finegan, "The Minimum Wage and the Poor: The End of a Relationship," Journal of Policy Analysis & Management, Winter 1989, pp. 53-71.
4. Barry Bluestone and Teresa Ghilarducci, Making Work Pay: Wage Insurance for the Working Poor, Levy Institute Public Policy Brief No. 28, December 1996.

FIRST DRAFT OF PAPER DUE (20 copies) - **Tuesday, March 11**

MIDTERM EXAM - **Thursday, March 13**

DISCUSSANTS' COMMENTS DUE - **Tuesday, March 18**

PAPER PRESENTATIONS AND DISCUSSIONS - **March 18 through April 24**
-2 papers presented each class

FINAL DRAFT OF PAPER DUE (2 copies for me; 1 for your discussant) - **Tuesday, April 29**

EPILOGUE (**April 29**)

1. Thomas Schelling, "Economic Reasoning and the Ethics of Policy," Choice and Consequence: Perspectives of an Errant Economist, 1984, pp. 1-26.

IMPORTANT DATES

Jan. 14 Opening day. Pick assigned topic (I - V) with which you will assist.

Jan. 28 Hand in a description of your paper topic, with some references.

Mar. 11 First draft of paper due, with copies to me and all 20 class members.

Mar. 13 MIDTERM EXAM

Mar. 18 Written discussant's comments (3-5 pages) to me and to author.

Apr. 29 Final draft of paper due (2 copies to me; 1 copy to your discussant).

PAPER TOPIC

Your paper topic is up to you. It should address a specific micro-economic policy issue. It should include a summary of the controversy, its importance, as well as the economic and other arguments that have been presented on both (or more) sides of the issue. In this paper, you should analyze and critique these arguments, and explain why reasonable people might differ in their opinions. For example, are the opponents debating over theories, facts or value judgments? Most papers conclude with suggestions for policy reform.

Some potential topics and references are below. In addition, dozens of additional topics can be found in any daily newspaper or in economics or public policy journals such as those listed below. Browse through some recent issues of these. Some of these also contain book reviews or lists of new books in the policy field.

| | |
|-------|---|
| JEL | Journal of Economic Literature (a very useful quarterly index of articles in economics periodicals, arranged by topic) (HB1.J6) |
| JEP | Journal of Economic Perspectives (HB1.J63) |
| JLE | Journal of Law and Economics (HB73.J68X) |
| JDI | Journal of Drug Issues |
| JLS | Journal of Legal Studies (B.C. Law School library) |
| JPAM | Journal of Policy Analysis and Management (H97.J68) |
| JPHP | Journal of Public Health Policy |
| JTEP | Journal of Transportation Economics and Policy |
| PI | Public Interest (H1.P86) |
| PSR | Policy Studies Review (H1.P729) |
| PSJ | Policy Studies Journal (H1.P72) |
| PS | Policy Sciences (H1.P7) |
| R | Regulation (K18.E6) |
| JCS | Journal of Contemporary Studies (HJ2381.F67) |
| JLEO | Journal of Law, Economics and Organization (K10.O8734) |
| YJR | Yale Journal of Regulation (K29.A37) |
| RLE | Research in Law and Economics (K18.E835) |
| LCP | Law and Contemporary Problems (K12.A9) |
| LE | Land Economics (HB1.J65) |
| JHPPL | Journal of Health Politics, Policy and Law (RA395.A3J68) |
| CEP | Contemporary Economic Policy (HD72.C66) |

POSSIBLE TOPICS

Copying and Copyrights (JLE 10/89 (pt. 1); RLE '86 (Vol. 8))

Market Forces and Airline Safety (JLE 10/89; R Sum '91; JEP Spr '92)

In Defense of Organized Crime (JLS 6/82; PI Spring '67, Fall '78)

Baseball (JLS 1/78; books by Zimbalist; Scully)

The Occupational Health and Safety Act (OSHA) (JPAM Spring '86; YJR2/1; PI Fall '77; R 9/77, 11/77; PSR 2/82)

Are We Losing Our Farmland? (PI Spring '82; PSJ '78; PS Summer '78).

Government Support of the Arts (PSJ '76; PR Fall '79, Fall '80; book: Pricing the Priceless)

Divorce and Alimony (JLS (Vols. 5 and 7))

Natural Gas Deregulation (YJR, Summer '89; JPAM Spring '86; R 11/86)

Drinking, Driving and Auto Fatalities (JLS 1/84, 1/86; R 3/87; 87/2; JLE 4/88; JHPPL Winter '88 & Winter '89)

Drinking and the Price of Alcohol (CEP 7/93, 10/93, 10/96)

Government Regulation and Teenage Smoking (JLE 12/81)

Bloodbanks (JLE '74, '78, 4/80; R 9/86)

License Restrictions and the Cost of Eyeglasses (JLE 4/86)

Airline Deregulation (JLE 4/86, 4/87; JPAM '83; YJR '84; AER 11/84 JLE 4/87 & 4/88; R 9/86, Fall '90 & Summer '91; QJE 11/91)

Airline Deregulation and safety (JEP, Spring '92)

Automobile Safety Regulation (JPAM Fall '89 (book review); AER '84; YJR Fall '85, Spring '86, Spring '87; R 9/86; RLE '83; PS '91)

Public Regulation of Paraprofessionals (JPAM Winter '82)

Who Owns the Seas? (R 9/81; 11/81; JCS Spring '83; LCP Spring '83; PSR 11/86; Book: Law of the Sea: U.S. Policy Dilemma)

The Davis Bacon Act (JLE 10/83)

The Evolution of Property Rights (JLE 4/75, 4/79)

Maine Lobster Market (JLEO Fall '85)

Bankruptcy (JLE 10/84, 4/86; LCP Spring '87)

Effects of FTC Regulation of Advertising (JLE 12/81)

Economics of Prescription Drug Advertising (JLE 4/81; R 9/86)

Water Laws and Economic Efficiency (JPAM Summer '89; JLE 4/80)

Allocation of Broadcast Frequencies (JLE 4/90; R 1/88; RLE '86; CBO; book by Lawrence Gasman)

Public Policies for the Disabled (R 9/82, 11/82)

Regulating the Drug Industry (PI Summer '89; YJR Winter '88)

Clean Air (CBO Study; JEP, Fall '90; R Winter '90)

Electric Power Deregulation (R Winter '92)

Endangered Species Act (R Winter '92)

Motorcycle Helmet Regulation (JPAM Winter '84(fn. 34); PS 10/86)

Hazardous Wastes (PSR 9/85; JPAM Sum '89 (review), Sum '92; CBO; AER '86)

Federal Lands and Public Policy (PSR 12/85)

Property Rights and the Kwakivti Indians (JLS 1/86)

Taxicab Industry (R '83; RLE '86; JLEO '87; JTEP '87)

Highway Speed Limit and Auto Safety (JPAM Winter '88; CEP, 10/91)

Public Support of Private Education (JPAM Winter '88; JLE 4/76, 4/90)

The Greenhouse Effect (JPAM Spring '88)

Automobile Pollution Control (JPAM Fall '88 and Summer '91)

Cigarette Advertising (JHPPL Fall '86)

Occupation Licensure of Nurses (PS 4/87)
 Prisoners of War and Property Rights (JLE 4/87)
 Product Safety Regulation (JLE 10/85; R 88/1)
 Marketable Pollution Rights (YJR Winter '89, Fall '86; JLE 4/88; JEP Spring '89)
 The Economics of Trademarks (JLE 10/87)
 Minimum Wages and Youth Crimes (JLE 10/87)
 Fuel Economy Standards (QLE 11/83; JLE 4/89; JEP Spr '92)
 Minimum Wages and Poverty (JPAM Spring '89)
 The Value of Human Life (JPAM Spring '88, Winter '89)
 Illegal Drug Regulation (JPAM Fall '90 (book review); PI Summer '88 & Fall '90;
 JPHP Winter '89; JDI Fall '90)
 The Economics and Law of Liability (JEP Summer '91)
 Patents and Intellectual Property (JEP Winter '91)
 Affirmative Action (JHR '84; ReStat '84; JEP Winter '89, Fall '90)
 The Economics of Lotteries (JEP Fall '90)
 Federal Deposit Insurance (JEP Fall '89)
 Maritime Policy Reform (R, Summer '91)
 Airlines and Airports (R, Fall '90)
 Regulation of Asbestos (PSR Fall '90)
 AIDS and Blood Supply (JHPPL Spring '88)
 Waste Disposal and Recycling (PI Fall '91)
 Unemployment and Highway Fatalities (JHPPL Spring '91)
 Medical Malpractice (JHPPL Winter '89 & Fall '91)
 Homesteading (JLE 4/90 & 4/91)
 Effectiveness of Seat Belt Use Laws (PS 5/91)
 Public School Choice (PI Spring '91)
 Federal Rental Housing Assistance (JPAM Winter '92)
 Methanol as a Gas Substitute (JPAM Summer '92)
 Economics of Species Preservation (CEP 4/92)
 Economics of Corruption (CEP 10/96)