

**AMERICAN ECONOMIC POLICY**Faculty:

Martin Feldstein

[mfeldstein@harvard.edu](mailto:mfeldstein@harvard.edu)

617-868-3905

Jeffrey Liebman

[jeffrey\\_liebman@harvard.edu](mailto:jeffrey_liebman@harvard.edu)

617-495-8518

Amitabh Chandra

[amitabh\\_chandra@harvard.edu](mailto:amitabh_chandra@harvard.edu)

617-496-7356

TFs:

Josh Hurwitz (Head TF)

[jhurwitz@g.harvard.edu](mailto:jhurwitz@g.harvard.edu)

Sam Lite

[slite@g.harvard.edu](mailto:slite@g.harvard.edu)

Giselle Montamat

[gmontamat@g.harvard.edu](mailto:gmontamat@g.harvard.edu)

Lydia Cox

[lcx@g.harvard.edu](mailto:lcx@g.harvard.edu)

Hillary Stein

[hstein@g.harvard.edu](mailto:hstein@g.harvard.edu)

Classes will be held in Harvard Hall 201 from 10:30am to 11:45am every Monday, Wednesday, and Friday, except for those dates indicated on the lecture calendar.

Sections will be held once a week, at times to be arranged.

Prerequisite: Microeconomics and macroeconomics at the 1010 or 1011 level (or related courses from another university), API-101, or permission of one of the instructors.

Grades will be determined as follows:

- a midterm exam given in class on October 17 -- 25 percent
- two four-page memos due at the beginning of class on October 29 and November 28 -- 25 percent
- a final exam given TBD -- 50 percent
- Paper Option: Students have the option of writing a 20-25 page research paper (due on December 5) in lieu of the two four-page memos. The paper will count for 25 percent of the grade. Students who choose this option can count Economics 1420 as one of the courses that fulfill the economics department writing requirement.

Discussion and the exchange of ideas are essential to academic work. For assignments in this course, you are encouraged to consult with your classmates on the choice of paper topics and to share sources. You may find it useful to discuss your chosen topic with your peers, particularly if you are working on the same topic. However, you should ensure that any written work you submit for evaluation is the result of your own research and writing and that it reflects your own approach to the topic. You must also adhere to standard citation practices in this discipline and properly cite any books, articles, websites, lectures, etc. that have helped you with your work. If you received any help with your writing, you must also acknowledge this assistance.

The course website can be accessed here: <https://canvas.harvard.edu/courses/43372>

**Schedule  
American Economic Policy  
Fall 2018**

|   |         |  |
|---|---------|--|
| W | Sep. 5  | Introduction (Feldstein)                                   |
| F | Sep. 7  | National Savings and U.S. Fiscal Policy (Liebman)          |
| M | Sep. 10 | No Class   |
| W | Sep. 12 | Where are we? How did we get here? What next? (Feldstein)  |
| F | Sep. 14 | Inequality and Equitable Growth (Liebman)                  |
| M | Sep. 17 | Growth, Productivity, and Distribution (Feldstein)         |
| W | Sep. 19 | No Class   |
| F | Sep. 21 | Keynesian Economics: Retreat and Return (Feldstein)        |
| M | Sep. 24 | Monetary Policy: Business Cycles and Inflation (Feldstein) |
| W | Sep. 26 | Monetary Policy: Business Cycles and Inflation (Feldstein) |
| F | Sep. 28 | Monetary Policy and Financial Stability (Feldstein)        |
| M | Oct. 1  | Budget Deficits and Surpluses (Liebman)                    |
| W | Oct. 3  | Fixing the Budget Deficit (Feldstein)                      |
| F | Oct. 5  | Energy and Climate Change (Liebman)                        |
| M | Oct. 8  | No Class (Columbus Day)                                    |
| W | Oct. 10 | Tax Policy (Feldstein)                                     |
| F | Oct. 12 | Tax Policy (Feldstein)                                     |
| M | Oct. 15 | Fundamental Tax Reform (Liebman)                           |
| W | Oct. 17 | Midterm  |
| F | Oct. 19 | Budget and Tax Discussion (Feldstein and Liebman)          |
| M | Oct. 22 | Immigration (Liebman)                                      |
| W | Oct. 24 | Education (Liebman)  |
| F | Oct. 26 | Disability Insurance and Unemployment Insurance (Liebman)  |
| M | Oct. 29 | Social Security Reform (Feldstein); Memo due               |
| W | Oct. 31 | Social Security Reform (Feldstein)                         |
| F | Nov. 2  | Health Care Policy (Chandra)                               |
| M | Nov. 5  | Health Care Policy (Chandra)                               |
| W | Nov. 7  | Health Care Policy (Liebman)                               |
| F | Nov. 9  | Solving Social Problems (Liebman)                          |
| M | Nov. 12 | Trade Imbalances and the Dollar (Feldstein)                |
| W | Nov. 14 | Trade Imbalances and the Dollar (Feldstein)                |
| F | Nov. 16 | No Class   |

|   |         |  |
|---|---------|--|
| M | Nov. 19 | The Economics of National Security (Feldstein)           |
| W | Nov. 21 | No Class (Thanksgiving)                                  |
| F | Nov. 23 | No Class (Thanksgiving)                                  |
| M | Nov. 26 | Transfer Programs and Welfare Policy (Liebman)           |
| W | Nov. 28 | Transfer Programs and Welfare Policy (Liebman); Memo due |
| F | Nov. 30 | Transfer Programs and Welfare Policy (Liebman)           |
| M | Dec. 3  | Economic Policy Discussion (Feldstein and Liebman)       |
| W | Dec. 5  | Where Do We Go from Here? (Feldstein); Final paper due   |
| F | Dec. 7  | No Class   |

Reading Period: December 6-11

Final Exam: December TBD

## READING LIST

The following useful resources are available free and on line:

Congressional Budget Office

Economic Report of the President

NBER Digest

NBER Reporter

NBER Working Papers

### **Introduction: Where are we? How did we get here? What next? (September 5 and 12)**

Martin Feldstein, "Housing, Credit Markets and the Business Cycle," in the 2007 Kansas City Federal Reserve Annual Conference Volume, *Housing Finance and Monetary Policy*, 2008.

Congressional Budget Office, "The Economic Outlook," in *The Budget and Economic Outlook 2018-28*, Summary section and Chapter 1, April 2018.

Martin Feldstein, "Why the U.S. is Still Richer than Every Other Large Country," *Harvard Business Review*, April 20, 2017.

Martin Feldstein, "The Heightened Risk of a US Downtown," *Project Syndicate*, January 26, 2018.

Martin Feldstein, "Stocks Are Headed for a Fall," *Wall Street Journal*, January 17, 2018.

Jonathan Parker, Nicholas Souleles, David Johnson, and Robert McClelland, "Consumer Spending and the Economic Stimulus Payments of 2008," NBER Working Paper No. 16684, January 2011.

Daniel Wilson, "Fiscal Spending Jobs Multipliers: Evidence from the 2009 American Recovery and Reinvestment Act," Federal Reserve Bank of San Francisco Working Paper 2010-17, October 2011.

Martin Feldstein, "What is Full Employment?" *Project Syndicate*, June 2015.

Fernando Ferreira and Joseph Gyourko, "A New Look at the Foreclosure Crisis," *NBER Digest*, August 2015 (NBER Working Paper 21261).

Henry Farber, "Job Loss in the Great Recession and its Aftermath," *NBER Digest*, August 2015. (NBER Working Paper 21216).

National Bureau of Economic Research, "Business Cycle Expansions and Contractions." [www.nber.org/cycles/html](http://www.nber.org/cycles/html).

Sumit Agarwal et al, "Did the Community Reinvestment Act Lead to Risky Lending?" NBER Working Paper 18609, December 2012.

E. Benmelech et al "The Real Effect of Liquidity During the Financial Crisis," NBER Working Paper 22148 (Summary in NBER Digest July 2016).

Robert E. Hall, "Quantifying the Lasting Harm to the U.S. Economy from the Financial Crisis," NBER Working Paper 20183, May 2014.

*Economic Report of the President 2016, Chapter 7*, discusses the role of the Council of Economic Advisers and includes recollections from several former CEA chairmen. The Feldstein recollection is included in the 1420 readings.

### **National Savings and U.S. Fiscal Policy (September 7)**

Annamaria Lusardi, Jonathan Skinner, and Steven Venti, "Savings puzzles and savings policies in the US," *Oxford Review of Economic Policy*, Spring 2001, pp. 95-115.

Edward Gramlich, "The Importance of Raising National Saving," Benjamin Rush Lecture, Dickinson College, March 2, 2005.

Martin Feldstein and Charles Horioka, "Domestic Saving and International Capital Flows," *Economic Journal*, June 1980, pp. 314-329.

Martin Feldstein, "How to Increase America's Saving Rate," *Project Syndicate*, July 26, 2018.

### **Inequality and Equitable Growth (September 14)**

Richard B. Freeman and Lawrence F. Katz, "Rising Wage Inequality: The United States Vs. Other Advanced Countries," in *Working Under Different Rules*, edited by Richard B. Freeman, pp. 29-62.

Thomas Piketty and Emmanuel Saez, "The Evolution of Top Incomes: A Historical and International Perspective," NBER Working Paper 11955, January 2006.

Martin Feldstein, "Reducing Poverty, Not Inequality," *The Public Interest*, Fall 1999, pp 33-41.

Gary Burtless and Christopher Jencks, "American Inequality and Its Consequences," in Henry Aaron, James Lindsay, and Pietro Nivola (eds.), *Agenda for the Nation*, Brookings, 2003, pp 61-108.

Bruce Meyer and James Sullivan. *Winning the War: Poverty from the Great Society to the Great Recession*. NBER Working Paper 18718. January 2013.

Raj Chetty, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nicholas Turner, "Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility," NBER Working Paper 19844, January 2014.

Robert M. Solow, "Thomas Piketty is Right: Everything You Need to Know About 'Capital in the Twenty-First Century,'" *New Republic*, April 22, 2014.

### **Growth, Productivity, and Distribution (September 17)**

Martin Feldstein, Remarks at the Brookings Institution Conference on Productivity, September 8, 2016.

Martin Feldstein, "Underestimating the Real Growth of GDP, Personal Income and Productivity," *Journal of Economic Perspectives*, Spring 2017, pp 145-64.

Martin Feldstein, "Will Americans Become Poorer?" *Project Syndicate*, Aug 31, 2015.

Martin Feldstein, "Are US Middle Class Incomes Really Stagnating?" *Project Syndicate*, June 30, 2015.

Martin Feldstein, "We're Richer than We Realize," *Wall Street Journal*, September 8, 2017.

Martin Feldstein, "Does the Conventional Wisdom About Productivity Need to Be Reconsidered?" *International Economy*, Fall 2017.

Byrne et al. "Does the US have a Productivity Slowdown or a Measurement Problem?" *Brookings Papers on Economic Activity*, Spring 2016.

Decker et al. “The Decline of High Growth Firms in the United States,” NBER Working Paper 21776, summarized in the NBER Digest February 2016.

Martin Feldstein, “How to Achieve Stronger U.S. Growth,” *Journal of Policy Modeling*, July/August 2014.

Congressional Budget Office, *The Distribution of Household Income, 2014*, published in 2018.

Bruce Meyer, “CPS Overestimates the Poverty Rate,” NBER WP 21676, summarized in NBER Digest February 2016.

Christopher Jencks, “Why the Very Poor Have Become Poorer,” *New York Review of Books*, June 9, 2016.

Mathew Rognlie “Deciphering the Rise and Fall in the Net Capital Share,” *Brookings Papers on Economic Activity*, Spring 2015.

Martin Feldstein “Reducing Inequality and Poverty in America,” *Project Syndicate*, August 23, 2016.

Chad Syverson, “Challenges to Mismeasurement Explanations for the U.S. Productivity Slowdown,” NBER Working Paper 21974. See also NBER Digest June 2016.

Martin Feldstein, “The Uncounted Trillions in the Inequality Debate,” *Wall Street Journal*, Dec 5, 2015.

Martin Feldstein, “Picketty’s Numbers Don’t Add Up,” *Wall Street Journal*, May 15, 2014.

Brickner et al., “Measuring Income and Wealth at the Top,” *Brookings Papers on Economic Activity*, Spring 2016.

### **Keynesian Economics: Retreat and Return (September 21)**

Martin Feldstein, “The Retreat from Keynesian Economics,” *The Public Interest*, 1981.

Christina Romer and David Romer, “The Evolution of Economic Understanding and Postwar Stabilization Policy,” in *Rethinking Stabilization Policy* (Kansas City, Federal Reserve Bank of Kansas City), 2002.

Martin Feldstein, “Rethinking the Role of Fiscal Policy,” *American Economic Review*, May 2009, pp. 556-559.

John Taylor, “The Lack of an Empirical Rationale for a Revival of Discretionary Fiscal Policy,” *American Economic Review*, May 2009, pp. 550-555.

Lawrence Summers, “Why America Must Have a Fiscal Stimulus,” *Financial Times*, January 6, 2008.

Martin Feldstein, "The Stimulus Plan We Need Now," *The Washington Post*, October 30, 2008.

Martin Feldstein, "An \$800 Billion Mistake," *The Washington Post*, January 29, 2009.

Matthew Shapiro and Joel Slemrod, "Did the 2008 Tax Rebates Stimulate Spending?" NBER Working Paper 14753, February 2009.

NBER reporter, "Household Spending Response to the 2008 Tax Rebate," March 2010.

Martin Feldstein, "The Tax Rebate Was a Flop. Obama's Stimulus Plan Won't Work Either," *Wall Street Journal*, August 6, 2008.

Robert Hall, "By How Much Does GDP Rise if the Government Buys More Output?" NBER Working Paper 15496, November 2009.

Robert Barro and Charles Redlick, "Macroeconomic Effects from Government Purchases and Taxes," NBER Working Paper 15369, September 2009.

Martin Feldstein, "Defense Spending Would Be Great Stimulus," *Wall Street Journal*, December 24, 2008.

**Monetary Policy: Business Cycles and Inflation (September 24 and 26)**

John Taylor, "An Historical Analysis of Monetary Policy Rules," in John B. Taylor (ed.) *Monetary Policy Rules*, University of Chicago Press, 1999.

Martin Feldstein, "An Interview with Paul Volcker," July 10, 2013.

Martin Feldstein, "The Fed Can't Save Jobs From AI and Robots," *Wall Street Journal*, June 10, 2018.

Martin Feldstein, "Why Are US Interest Rates High and Rising?" *Project Syndicate*, February 27, 2018.

Martin Feldstein, "Save Low Interest for a Rainy Day," *Wall Street Journal*, July 26, 2018.

Martin Feldstein, "The Welfare Cost of Permanent Inflation and Optimal Short-Run Economic Policy," *Journal of Political Economy*, Vol. 87, No. 4, 1979, pp 749-768.

Frederic Mishkin and Adam Posen, "The Rationale for Inflation Targeting," *Economic Policy Review*, Federal Reserve Bank of New York, August 1997, pp. 11-15.

Martin Feldstein, "Ending the Inflation Target Fixation," *Wall Street Journal*, May 2017.

Martin Feldstein, "Where the Fed will be when the next downturn occurs," *Wall Street Journal*, July 5, 2016.

Eric Swanson, "Measuring the Effects of Federal Reserve Forward Guidance and Asset Purchases on Financial Markets," NBER WP 23311. Available as NBER Digest July 2017.

Martin Feldstein, "Why Is US Inflation So Low?" *Project Syndicate*, June 2013.

Martin Feldstein, "Resolving the Inflation Puzzle," *Project Syndicate*, May 29, 2015.

Ben Bernanke, "Monetary Policy since the Onset of the Crisis," speech at the Federal Reserve Bank of Kansas City Economic Symposium, Jackson Hole Wyoming, August 31, 2012.

Ben Bernanke, "Monetary Policy and the Housing Bubble," Speech given at the annual meetings of the American Economic Association on January 3, 2010.

John Taylor, "The Fed and the Crisis: A Reply to Ben Bernanke," *Wall Street Journal*, January 10, 2010.

John Williams, "Monetary Policy at Zero Lower Bound: Putting Theory into Practice," Brookings Institution, January 16, 2014.

Martin Feldstein, "Unconventional Monetary Policy: Comment on John C. Williams."

Charles Evans et al., "Risk Management for Monetary Policy Near the Zero Lower Bound," *Brookings Papers on Economic Activity*, Spring 2015.

### **Monetary Policy and Financial Stability (September 28)**

Martin Feldstein, "Monetary Policy and Financial Stability," January 2016.

Martin Feldstein, "Normalizing Monetary Policy," *CATO Journal*, Vol. 38, No. 2, 2018.

Martin Feldstein, "New Priorities for a New Fed Regime," *Wall Street Journal*, November 29, 2017.

Martin Feldstein, "The Fed's Unconventional Monetary Policy," *Foreign Affairs*, April-May 2016.

Martin Feldstein and Robert Rubin, "The Fed's Systemic-Risk Balancing Act," *Wall Street Journal*, August 11, 2014.

Martin Feldstein, "The Fed Should Start to Taper Now," *Wall Street Journal*, July 2, 2013.



Martin Feldstein, "The Fed is Wrong to Put Off Returning to Normalcy," *Financial Times*, September 22, 2013.

Martin Feldstein, "The Fed's Needless Flirtation with Danger," *Wall Street Journal*, December 25, 2014.

Martin Feldstein, "The Deflation Bogeyman," February 2015.

Martin Feldstein, "The Fed's Stock Price Correction," Project-Syndicate, August 2015.

Martin Feldstein, "A Federal Reserve Oblivious to its Effects on Financial Markets," WSJ, 1/13/16.

Martin Feldstein, "Why the Fed Should Raise Rates Now," WSJ, Oct 6, 2016.

Martin Feldstein, "When Interest Rates Rise," *Project Syndicate*, March 2013.

### **Budget Deficits and Surpluses (October 1 and 3)**

Martin Feldstein, "America's Exploding Budget Deficit," *Project Syndicate*, May 29, 2018.

Laurence Ball and N. Gregory Mankiw, "What Do Budget Deficits Do?" *Budget Deficits and Debt: Issues and Options*, Federal Reserve Bank of Kansas City, 1995, pp. 95-119.

Irem Dirmici, et al "Government Debt and Corporate Leverage: International Evidence," NBER WP 23310 summarized in the NBER Digest, June 2017.

Congressional Budget Office, *The Budget and Economic Outlook: 2018-2028*, April 2018, "Summary" and "Chapter 4: The Outlook for Deficits and Debt."

Congressional Budget Office, *The 2018 Long-term Budget Outlook*, Chapter 1. See Also Infographic.

Douglas Elmendorf, "Dynamic Scoring," *Brookings Papers on Economic Activity*, Fall 2016.

Martin Feldstein. "Dealing with Long Term Deficits," *American Economic Review*, May 2016.

Martin Feldstein, "The Tax Expenditure Solution to our National Debt," *Wall Street Journal*, July 20, 2010.

Martin Feldstein, "Raising Revenue by Limiting Tax Expenditures," *Tax Policy and the Economy*, Vol. 30 (2016).

Martin Feldstein, Dan Feenberg and Maya MacGuinneas, "Capping Individual Tax Expenditure Benefits," in Tax Notes, May 2, 2011, p 505-509.

Martin Feldstein, "Preventing a National Debt Explosion," *Tax Policy and the Economy*, 25, 2011.

Martin Feldstein, "Balancing Lost Tax Revenue the Reagan Way," *Wall Street Journal*, April 26, 2017.

Martin Feldstein, "Reagan's Cure for America's Debt Disease," *Wall Street Journal*, March 5, 2018.

*Additional optional resources:*

Congressional Budget Office. Options for Reducing the Deficit, 2017-2026. December 2016.

The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth*, December 2010.

Bipartisan Policy Center Debt Reduction Task Force, *Restoring America's Future*, November 2010.

**Energy and Climate Change (October 5)**

William D. Nordhaus, "Reflections on the Economics of Climate Change," *Journal of Economic Perspectives*, Vol. 7 (4), Fall 1993, pp. 11-25.

Thomas C. Schelling, "Some Economics of Global Warming," *American Economic Review*, March 1992, pp. 1-14.

Gilbert E. Metcalf, "Market-based Policy Options to Control U.S. Greenhouse Gas Emissions." *Journal of Economic Perspectives* 23(2), 2009.

William D. Nordhaus, "An Optimal Transition Path for Controlling Greenhouse Gases," *Science*, New Series, Vol. 258, No. 5086 (Nov. 20, 1992), pp. 1315-1319.

Nicholas Stern and Chris Taylor. "Climate Change: Risk, Ethics, and the Stern Review." *Science* 317(5835), 2007.

William D. Nordhaus, "Critical Assumptions in the Stern Review on Climate Change," *Science* 317(5835), 2007.

Martin Feldstein and Greg Mankiw, "A Conservative Case for Climate Action," *New York Times*, February 8, 2017.

William A. Pizer, "Prices vs. Quantities Revisited: The Case of Climate Change," Resources for the Future Discussion Paper 98-02, October 1997.

**Tax Policy (October 10 and 12)**

Martin Feldstein, "The Effect of Taxes on Efficiency and Growth," *Tax Notes*, May 8, 2006.

Council of Economic Advisors, "Tax Incidence," *2004 Economic Report of the President*, Chapter 4, pp. 103-116.

Martin Feldstein, "The Effect of Marginal Tax Rates on Taxable Income: A Panel Study of the 1986 Tax Reform Act," *Journal of Political Economy*, 1995, pp. 551-572.

Joel Slemrod, "Methodological Issues in Measuring and Interpreting Taxable Income Elasticities," *National Tax Journal*, 51: 773-788, 1998.

U. Akcigit et al, "Taxation and the Mobility of Inventors and Scientists," NBER Digest June 2015.

Kleven et al., "Taxation and the International Migration of Superstars," NBER Digest, April 2011. (NBER Working Paper 16545).

Martin Feldstein, "Capital Taxation Policy," Presented to the National Tax Association.

Robert E. Hall, "Guidelines for Tax Reform: The Simple, Progressive Value-Added Consumption Tax, in Alan Auerbach and Kevin Hassett, eds, *Toward Fundamental Tax Reform*, (Washington, DC, AEI Press), 2005, pp. 70-80.

Larry Lindsey, "Tax Reform and the Tax Treatment of Capital Gains," Testimony to the House Committee on Ways and Means and the Senate Committee on Finance. September 20, 2012.

Martin Feldstein, "Bringing it Back Home," *Project Syndicate*, August 27, 2014.

Martin Feldstein "Options for Corporate Tax Reform 2017," *Brookings Papers in Economic Activity*, Vol. 2017, No. 2 (2017).

Martin Feldstein, "The Tax Reform Agenda," *Business Economics*, Vol. 52, No. 4 (2017).

Martin Feldstein, "Tax Legislation of 2017," Remarks at the AEA meetings, January 4, 2018.

Martin Feldstein, "How to Increase America's Saving Rate," *Project Syndicate*, July 26, 2018.

*Additional optional resource:*

President's Economic Recovery Advisory Board, *The Report on Tax Reform Options: Simplification, Compliance, and Corporate Taxation*, August 2010.

Congressional Budget Office. *Effective Marginal Tax Rates for Low- and Moderate-Income Workers in 2016*. June 22, 2018.

Congressional Budget Office. *The Distribution of Household Income, 2014*. March 2018.

### **Fundamental Tax Reform (October 15)**

Robert E. Hall, "Guidelines for Tax Reform: The Simple, Progressive Value-Added Consumption Tax, in Alan Auerbach and Kevin Hassett, eds, *Toward Fundamental Tax Reform*, (Washington, DC, AEI Press), 2005, pp. 70-80.

### **Budget and Tax Discussion (October 19)**

No additional readings.

### **Immigration (October 22)**

George Borjas, "Reframing the Immigration Debate," chapter 1 in *Heaven's Door* (Princeton, Princeton University Press), 1999, 3-18.

George Borjas, "The Economic Benefits from Immigration," chapter 5 in *Heaven's Door* (Princeton, Princeton University Press), 1999, 87-104.

David Card, "Is the New Immigration Really So Bad?," *Economic Journal*, November 2005, F300-F323.

*Additional optional resource:*

National Academies of Science, *The Economic and Fiscal Consequences of Immigration*, 2017.

### **Education (October 24)**

James Heckman, "Skill Formation and the Economics of Investing in Disadvantaged Children," *Science*, v.312, June 2006, pp. 1900-1902.

James Heckman and Dimitriy Masterov, "The Productivity Argument for Investing in Young Children," *Review of Agricultural Economics*, 29:3, 2007.

Heritage Foundation, *Long Overdue Head Start Evaluation Shows No Lasting Benefit for Children*, January 14, 2010.

Alan Krueger, "Inequality, Too Much of a Good Thing," in *Inequality in America: What Role for Human Capital Policies* (Benjamin Friedman, ed.), MIT Press, 2004, pp. 1-76.

Douglas O. Staiger and Jonah E. Rockoff, "Searching for Effective Teachers with Imperfect Information," *Journal of Economic Perspectives*, Summer 2010.

Julien Lafortune, Jesse Rothstein, and Diane Whitmore Schanzenbach, "School Finance Reform and the Distribution of Student Achievement," *AEJ: Applied Economics*, 2018, 10(2): 1-26.

Dennis Epple, Richard E. Romano, and Miquel Urquiola, "School Vouchers: A Survey of the Economics Literature," *Journal of Economic Literature*, June 017, 55(2):441-492.

### **Disability Insurance and Unemployment Insurance (October 26)**

Congressional Budget Office, *Unemployment Insurance in the Wake of the Recent Recession*.  
November 28, 2012.

Michael Elsby, Bart Hobijn, and Aysegul Sahin, "The Labor Market in the Great Recession," *Brookings Papers on Economic Activity*, 2010:1.  
[http://www.brookings.edu/~media/Files/Programs/ES/BPEA/2010\\_spring\\_bpea\\_papers/spring2010\\_elsby.pdf](http://www.brookings.edu/~media/Files/Programs/ES/BPEA/2010_spring_bpea_papers/spring2010_elsby.pdf).

Henry Farber and Robert Valletta, "Do Extended Unemployment Benefits Lengthen Unemployment Spells? Evidence from Recent Cycles in the U.S. Labor Market." NBER Working Paper 19048, May 2013.

Claire Brunel, "What Determines the "Reservation Wage" of Unemployed Workers?" Summary of NBER Working Paper 19870.

Martin Feldstein and Daniel Altman, "Unemployment Insurance Savings Accounts," Tax Policy and the Economy, Vol. 21, 2006.

Stephen Nickell, "Unemployment and Labor Market Rigidities: Europe versus North America," *Journal of Economic Perspectives*, Summer 1997, pp. 55-74.

Jeffrey Liebman, "Understanding the Increase in Disability Insurance Benefit Receipt in the United States," *Journal of Economic Perspectives*, Spring 2015, pp. 123-150.

Peter A. Diamond and Peter R. Orszag, "A Brief Overview of Social Security," in *Saving Social Security* (Washington, DC: Brookings Institution Press), 2004, pp. 14-26.

**Social Security Reform (October 29 and 31)**

- Martin Feldstein, “Rethinking Social Insurance,” 2005 Presidential Address to the American Economic Association, *American Economic Review*, March 2005.
- Martin Feldstein and Andrew Samwick, “Potential Paths of Social Security Reform,” *Tax Policy and the Economy*, 2002, Vol. 16, Issue 1, pp. 181-224.
- Martin Feldstein, “Global Aging and Fiscal Solvency,” *Project Syndicate*, July 2, 2018.
- Martin Feldstein, “How to Make the Tax System Fairer and Save Social Security,” *Wall Street Journal*, July 19, 2017.
- Martin Feldstein, “Structural Reform of Social Security,” *Journal of Economic Perspectives*, 2005.
- Alicia Munnell, “Social Security: It Ain’t Broken,” *Social Security Reform*, Federal Reserve Bank of Boston, June 1997, pp. 297-303.
- Douglas Elmendorf, Jeffrey Liebman, and David Wilcox, “Fiscal Policy and Social Security Policy During the 1990s,” in *American Economic Policy in the 1990s*, Jeffrey Frankel and Peter Orszag, editors, 2002, pp 80-106 and 121-125.
- Jeffrey Liebman, “Redistribution in the Current U.S. Social Security System,” in *Distributional Aspects of Social Security and Social Security Reform*, Editors Martin Feldstein and Jeffrey Liebman, 2002, pp. 11-41.
- Jeffrey Liebman, “Reforming Social Security: Not All Privatization Schemes are Created Equal,” *Harvard Magazine*, March/April 2005.
- Rahm Emanuel, “Supplementing Social Security,” *Wall Street Journal*, September 13, 2007.
- Congressional Budget Office, *Social Security Policy Options, 2015*, December 2015.
- Congressional Budget Office, *The 2016 Long Term Budget Outlook*, Chapter 2.
- Martin Feldstein, “How to Make the Tax System Fairer and Save Social Security,” *WSJ* July 19, 2017.
- C. Coille et al, “Health Capacity to Work at Older Ages: Evidence from the U.S.,” NBER WP 21940. Available in the NBER Digest April 2016.
- Daniel Fetter et al “Government Old Age Support and Labor Supply: Evidence from the Old Age Assistance Program,” NBER WP 22132. Available in the NBER Digest June 2016.

**Health Care Policy (November 2, 5, and 7)**

- David Cutler and Richard Zeckhauser. "Adverse Selection In Health Insurance," *Forum for Health Economics and Policy*, 1998, v1, Article 2
- Lawrence Summers, "Some Simple Economics of Mandated Benefits," *American Economic Review*, Vol. 79, No. 2, May 1989.
- Joseph Newhouse, "Consumer-Directed Health Plans and the RAND Health Insurance Experiment," *Health Affairs*, 2004, Vol. 23, no. 6
- Katherine Baicker, Amitabh Chandra, and Jonathan Skinner, "Saving Money or Just Saving Lives? Improving the Productivity of U.S. Health Care Spending," *Annual Review of Economics*, Vol 4, pp 33-56, July 2012.
- Katherine Baicker and Amitabh Chandra, "Myths and Misconceptions About Health Insurance," *Health Affairs*, Vol. 27, no. 6, w533-w543, October 21, 2008.
- Martin Feldstein, "Balancing the Goals of Health Care Provision and Financing," *Health Affairs*, 2006, pp. 1603-1611.
- Martin Feldstein and Jonathan Gruber, "A Major Risk Approach to Health Insurance Reform," *Tax Policy and the Economy*, No. 9, 1995, pp.103-130.
- David Cutler, "Are the Benefits of Medicine Worth What We Pay for It?" Fifteenth Annual Herbert Lourie Memorial Lecture on Health Policy, September 2004, pp. 1- 25.
- Kaiser Family Foundation, "Summary of New Health Reform Law,"
- Ezekiel J. Emanuel and Jeffrey B. Liebman, "Cut Medicare, "Help Patients," *New York Times*, August 23, 2011.
- Ezekiel J. Emanuel and Jeffrey B. Liebman, "The End of Health Insurance Companies," *New York Times Opinionator*, January 30, 2012.
- Jeffrey Liebman and Richard Zeckhauser, "Simple Humans, Complex Insurance, Subtle Subsidies," in Henry Aaron and Leonard Burman, eds., *Using Taxes to Reform Health Insurance: Pitfalls and Promises* (Washington, Brookings Institution), 2008.
- Jonathan Gruber, "Covering the Uninsured in the United States," *Journal of Economic Literature*, September 2008.
- "What Can Massachusetts Teach Us About Health Care Reform," *Journal of Policy Analysis and Management* Point/Counterpoint between Jonathan Gruber and Douglas Holtz-Eakin, 2011, pp 177-195.

Congressional Budget Office. *Health Care Spending: Why Is It Growing? What Can Be Done About It*. September 2013.

Katherine Baicker, Amy Finkelstein, Jae Song, and Sarah Taubman, The Impact of Medicaid on Labor Force Activity and Program Participation: Evidence from the Oregon Health Insurance Experiment. NBER Working Paper No. 19547. October 2013.

Lisa Dubay, Sharon Long, and Emily Lawton. Will Health Insurance Lead to Job Loss? Evidence from Massachusetts Says No. Urban Institute. June 2012.

Ariel Stern, Brian M. Alexander, and Amitabh Chandra. "How economics can shape precision medicines." *Science*. March 17, 2017, pp.1131-1133.

Katherine Baicker and Amitabh Chandra. "Uncomfortable arithmetic--whom to cover versus what to cover." *New England Journal of Medicine*, January 14, 2010, pp 95-7.

Amitabh Chandra, Jonathan Gruber, and Robin McKnight. "The importance of the individual mandate--evidence from Massachusetts." *New England Journal of Medicine*. January 27, 2011, pp. 293-5.

*Additional optional resources:*

Kaiser Family Foundation, "Primer on Medicare."

Kaiser Family Foundation, "Primer on Medicaid."

### **Solving Social Problems (November 9)**

Jeffrey Liebman, "Using Data to More Rapidly Address Difficult U.S. Social Problems," *Annals of the American Academy of Political and Social Science*, December 2017.

### **Trade Imbalances and the Dollar (November 12 and 14)**

Richard E. Caves, Jeffrey A. Frankel, and Ronald W. Jones, "Expectations, Money, and the Determination of the Exchange Rate," *World Trade and Payments*, pp. 581-589.

Martin Feldstein, "Why Is the Dollar so High?" *Journal of Policy Modeling*, 2007, pp. 661-667.

Martin Feldstein, "Resolving the Global Imbalance: The Dollar and the US Saving Rate," *Journal of Economic Perspectives*, Summer 2008.

Martin Feldstein and George P. Schultz, "Everything You Need to Know About Trade Economics, in 70 Words," *Washington Post*, May 5, 2017.



Martin Feldstein, "The Use—and Abuse—of Tariffs," *Wall Street Journal*, July 5, 2018.

Martin Feldstein, "How to Make Trade Peace with China," *Wall Street Journal*, April 4, 2018.

Martin Feldstein, "Dollar Weakness Reflects a New Role for Reserves," *The Financial Times*, December 10, 2009.

Richard Clarida, "Hot Tip: Nominal Exchange Rates and Inflation Indexed Bond Yields." NBER Working Paper 18726. January, 2013.

Martin Feldstein, "A Weaker Euro for a Stronger Europe," *Project Syndicate*, April 30 2014.

Martin Feldstein, "Ending the Currency Manipulation Debate," *Financial Times*, May 15, 2014.

Martin Feldstein "Inconvenient Truths About the US Trade Deficit," *Project Syndicate*, April 25, 2017.

Martin Feldstein, "Does Addressing Bilateral Trade Deficits Work?" *Project Syndicate*, June 27, 2017.

Maas, Steve, "How Large Are the US Economy's Gains from Trade?" *NBER Digest*, April 2018.

### ***The Economics of National Security (November 19)***

Martin Feldstein, "Economics and American National Security," *Project Syndicate*, December 26, 2017.

Martin Feldstein, "The Global Economy Confronts Four Geopolitical Risks," *Project Syndicate*, December 2015.

Martin Feldstein, "The Underfunded Pentagon," *Foreign Affairs*, March/April 2007.

Martin Feldstein, "Defense Spending Would Be Great Stimulus," *Wall Street Journal*, December 24, 2008

John Deutch, "The Good News About Gas. The Natural Gas Revolution and Its Consequences." *Foreign Affairs*, January/February 2011.

US National Center for Counterintelligence, *Foreign Spies Stealing US Economic Secrets in Cyberspace*, 2011.

Martin Feldstein, "Everyone Should Pay for Cyber Defense," *Wall Street Journal*, April 22, 2012.

Martin Feldstein, "America Can Only Beat ISIS by Spending More on Defense," *The Financial Times*, September 30, 2014.

*Additional optional resource:*

Congressional Budget Office, *Analysis of the Long-Term Costs of the Administration's Goals for the Military*, December 4, 2017.

**Transfer Programs and Welfare Policy (November 26, 28, and 30)**

Rebecca M. Blank, "Was Welfare Reform Successful," *Economist's Voice*, March 2006.

Hilary Hoynes, Marianne Page, and Ann Huff Stevens, "Poverty in America: Trends and Explanations," *Journal of Economic Perspectives*, 20(1): 47-68.

Jeffrey B. Liebman, "The Impact of the Earned Income Tax Credit on Incentives and the Income Distribution," *Tax Policy and the Economy*, 12, 1998.

Peter Ganong and Jeffrey Liebman. The Decline, Rebound, and Further Rise in SNAP Enrollment: Disentangling Business Cycle Fluctuations and Policy Changes. *AEJ: Economic Policy*, November 2018.

Martin Feldstein, "A Hype-Free Way to Help Low Wage Workers," *Wall Street Journal*, December 12, 2013.

**Discussion (December 3)**

No additional readings.

**Where We Go From Here? (December 5)**

No additional readings.