Meetings:

The course will meet Mondays and Wednesdays from 1-2:30 in E51-390. There will be additional meetings to discuss problem sets at times to be arranged. The teaching assistant for the course is Dan Bergstresser (dberg@mit.edu).

Requirements:

There will be two problem sets, a mid-term take-home exercise, and an in-class final exam. The problem sets will count for 10% of the grade, the mid-term exercise will count for 35% of the grade, and the final will count for the other 55%.

14.472 Home Page:


Office Hours:

Gruber is available on Mondays and Wednesdays after class, from 2:30-4:00, in E52-355. Diamond is available Mondays to Thursdays 2:30-3:30 in E52-344. To make appointments at other times, just send email to pdiamond@mit.edu or gruberj@mit.edu

Public Finance Field Requirements:

The Public Finance field requirement consists of two courses: 14.471 (Public Finance I) and 14.472 (Public Finance II). In some cases, 14.474 (Advanced Topics in Public Economics) may be combined with 14.471 to satisfy the field requirement.

Public Finance Seminar and Luncheon Meeting:

The public finance seminar plays an important part in raising current “hot topics” and permitting students to meet some of the outstanding scholars in the field. Seminars take place Monday afternoons from 4:00-5:30. The seminar alternates between Harvard and MIT and when at MIT meets in E51-151. Schedules, seminar notices, and papers are usually available in E52-352. The seminar is not restricted to thesis writers, and first and second year students are encouraged to attend. We also have an informal Monday luncheon in E52-244 (noon) where thesis writers present their work in progress; students planning to specialize in public finance are welcome to attend.
1. Social Insurance Theory


2. Social Security

2.1 Theoretical Models


2.2 Social Security, Saving, and Benefit Adequacy Issues


2.3 Social Security and Labor Supply

M. Baker and D. Benjamin – they have two other papers together in my files, one on the earnings test, and one on the SPA.


J. Stock and D. Wise, “Pensions, the Option Value of Work, and Retirement,” Econometrica 58 (September 1990), 1151-1180.

2.4 Social Security Reform: Overview & Political Economy


E. Gramlich, Is it Time to Reform Social Security. Michigan


3. Unemployment Insurance

3.1 Unemployment Insurance – Theory


3.2 Unemployment Insurance and Worker Behavior


3.3 Unemployment Insurance and Firm Behavior


4. Workers' Compensation


5. Disability Insurance


6. Government Transfer Programs: Welfare

6.1 Poverty in the U.S.: Facts and Responses


6.2 Behavioral Effects of the Cash Welfare System


6.3 Alternative Mechanisms for Redistribution


7. Government Intervention in Health Insurance Markets

7.1 Overview


7.2 Health Insurance and Moral Hazard


K. Thorpe, “Reducing the Number of Uninsured by Subsidizing Employment-Based Health Insurance: Results From a Pilot Study,” Journal of the American Medical Association, 266 (1992), 945-948.


7.3 Private Insurance Market Issues


J. Newhouse et al., “Are Fee-for-Service Costs Increasing Faster than HMO Costs?,” Medical Care 23(8), 960-966


7.4 Medicaid & the Uninsured


7.5 Medicare & Provider Issues


J. Newhouse and D. Byrne, “Did Medicare’s Prospective Payment System Cause Length of Stay to Fall?,” *Journal of Health Economics* 7(4) (December 1988), 413-416.


### 7.6 Health Insurance and the Labor Market


A. Yelowitz, “Using the Medicare Buy-In Program to Estimate the Effect of Medicaid on SSI Participation,” Mimeo, UCLA.


8. Publicly Provided Goods: Education

8.1 Public Involvement in Primary and Secondary Schools

D. Acemoglu and J. Angrist, “How Large are Human Capital Externalities: Evidence from Compulsory Schooling Laws,” mimeo, MIT.


8.2 Public Involvement in Higher Education


9. State and Local Public Finance

9.1 Jurisdictional Competition: Tiebout and Beyond


9.2 Estimating the Demand for Locally-Provided Public Goods


### 9.3 The Effects of Intergovernmental Grants


### 9.4 The Property Tax


### 9.5 Intergovernmental Subsidies and Tax-Exempt Bond Finance


