

## SYLLABUS

**Economics 4880  
Seminar in Policy Analysis  
Spring 2016**

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Office Hours: by appointment

### COURSE CONTENT

The purpose of this course is to develop a student's ability to conduct empirical studies of the **microeconomic** effects of government policy. To this end, each student will present in class the empirical studies of other authors, conduct a study independently, present the analysis in class, and write a paper describing the analysis.

The early weeks of the semester will be devoted to lectures and presentations of published papers. This will give students a chance to learn about some policies and data sets, which students may choose to pursue in their own analyses, and especially about the methodologies that students will use in their work. The limited time given to lectures is designed to allow the maximum time possible for conducting independent analysis, but it severely restricts the number of policy areas that will be covered; students need to investigate on their own other policies of interest. In the second and third classes, I will present some examples of policy analysis. For a few classes after that, students will take over the task of presenting published papers. Each lecture will cover 2-3 papers that students must read in advance.

During the early weeks of the semester, each student will also submit a written description of potential research projects. These projects will be refined in order to arrive at a topic that is consistent with the purpose of the course and feasible to complete within a semester. After that, students will meet weekly with me to discuss progress in the previous week and plans for the next week. In late April, we will meet again as a class so that students can present their research.

### GRADING

<b>presentation of a published paper</b> , early February	10%
<b>class participation</b>	10%
<b>completion of intermediate work</b>	10%
<b>presentation of your research</b> , late April	20%
<b>final paper</b> , submitted by email by May 4, 5 PM	50%

### READINGS

The required readings for the class will be available in electronic form on Collab. The required readings are those currently listed below in the Course Schedule, as well as the published papers that students choose for their presentations in the early weeks of class.

### COURSE SCHEDULE

Thursday, Jan 21	Overview of course
Tuesday, Jan 26	Lecture – EITC, labor supply, and family structure  Hotz, V. Joseph, and John Karl Scholz. "The Earned Income Tax Credit," in Means-Tested Transfer Programs in the United States, R.Moffitt, ed. The University of Chicago Press and NBER, 2003, 141-197. (Also Manuscript, University of Wisconsin.)

In the version in the Resources folder on Collab, focus on the following pages (based on the document, not PDF, page numbers):  
 pp.1-4 (to end of Section I)  
 pp. 8-11 (subsection “EITC Rules”)  
 pp. 16-25 (Section III, Section IV subsections “Program Participation” and “Decision to Work and Hours of Work”)

Eissa, Nada and Jeffrey Leibman. “Labor Supply Responses to the Earned Income Tax Credit.” *Quarterly Journal of Economics*, 1996, 111(2), 391-430.

Thursday, Jan 28

Lecture – family structure and incarceration policy; data

Finlay, Keith, and David Neumark. 2010. “Is Marriage Always Good for Children? Evidence from Families Affected by Incarceration.” *The Journal of Human Resources* 45(4):1046–1088, 2010.

Tuesday, Feb 2  
 Thursday, Feb 4

Presentation of published papers by students (2 presentations per class)

Choose a paper from the list posted on Collab. Prepare an electronic presentation and plan to present for 30 minutes, including time for questions. All students must read the papers in advance.

Monday, Feb 8, 12:00 PM  
 Tuesday, Feb 9

Submit 1+ paragraphs about 2+ ideas for your policy analysis paper; post these on Collab by 12:00 PM , Feb 8. We will discuss the ideas in class.

Thursday, Feb 11

Presentation of published papers by students (2 presentations per class)

Monday, Feb 15, 12:00 PM  
 Tuesday, Feb 16

Submit a written update of your idea(s); post these on Collab by 12:00 PM, Feb 15. We will discuss the ideas in class.

Thursday, Feb 18  
 Tuesday, Feb 23

Presentation of published papers by students (2 presentations per class)

February-April

Weekly meetings with each student

Thursday, April 21,  
 Tuesday, April 26, Thursday,  
 April 28, Tuesday, May 3

Presentation of policy analysis project (3 presentations per class)

Wednesday, May 4, 5 PM

Final paper is due in an email attachment

## DETAILED REQUIREMENTS

Economics 4880 requires a paper that will be due at the end of the semester. Working on this paper will introduce you to the steps involved in conducting a formal microeconomic policy analysis – you will run regressions to determine the impact of a microeconomic policy (as opposed to fiscal, monetary, or exchange rate policy) on some outcome.

The following three criteria are necessary for defining a successful research question: (1) an interesting policy, (2) data on the policy and the outcome, and (3) a credible econometric strategy to identify the causal effect of the policy on the outcome. To be interesting, it must be novel to some extent; while some students begin by replicating a scholarly article, students must then add something new to the analysis (a new data set, more years of data, a more recent policy change, etc.). Data requirements include being able to measure

the impact of the policy, the outcomes the policy may be affecting, and control variables that may otherwise confound analysis of the policy impact. Causal identification for the purposes of this class usually means finding some policy change to analyze and thinking carefully about what other factors may cause omitted variable or simultaneity bias.

A further requirement for a successful paper is clear and careful writing describing your research question. So, you will be graded on the quality of your research question and the quality of your paper. You will NOT be graded on whether you obtain statistically significant estimates of the policy impact, since there is no way to know until you undertake the analysis what results you will find.

Lastly, remember that most of you have no idea how to define a successful research question at this point! You will learn how to do this by reading and presenting published research by economists; by sharing your ideas in their early stages with the class; and by meeting one-on-one with me for most of the semester.

**Presentation of a published paper**, early February, 10% of grade. Either choose a paper from the list posted on Collab, or consult with the professor about presenting another paper that is of interest to you and is appropriate for the class. Prepare slides to accompany your presentation (using PowerPoint or another application) and plan to present for 30 minutes, including time for questions. This is not much time, so while you must read and understand the entire paper, you can only present the most important parts. This includes an explanation of the policy, data, empirical strategy, and most important results. Finish up with your evaluation of the strengths and weaknesses of the paper.

**Class participation**, 10% of grade. The requirements are attending class, reading the papers that are listed in the Course Schedule and that students choose for their presentations in the early weeks of class, and engaging in discussion during lectures and student presentations. If you miss a class in February when students are presenting published papers, I would like you to write a two-paragraph summary of the papers that you miss, one paragraph describing the key methods and results and one paragraph offering your evaluation of the paper. You will be graded on your summary.

**Completion of intermediate work**, 10% of grade. You will not get a good grade if you leave all your work for the last month of the semester. Therefore, you will be given weekly tasks during your meetings with me, and you are expected to make timely and satisfactory progress. To give you a general idea of timely progress during the semester, below is a possible timeline.

#### Sample timeline

Tentative Proposal	2/16	Topic (one paragraph)
Formal Proposal	2/25	Topic, citation for the article being used as starting point, specification of the main relationship, statement of the substantive hypothesis of interest, a concise description of the data (3-4 pages)
Data Description	3/17	Size of sample, mean, std dev, min, max of each data element, definition of each variable, construction rules, explanation of strange values
Methodology Outline	3/24	Model to estimate and method of estimation
First Draft	4/14	To get early comments from me

Actual timelines will be determined on an individual basis, depending on the work required at each stage for each particular project.

**Presentation of your research**, late April, 20% of grade. Presentation skills are critical and need to be practiced, and your presentation will be evaluated on its clarity and thoughtfulness. Prepare slides to accompany your presentation (using PowerPoint or another application) and plan to present for 25 minutes, including time for questions. Focus your presentation on the most important parts of your analysis –

explanation of the policy and what we know about it from the literature, data, empirical strategy, most important results. Finish up with implications for policy design and/or future research.

**Final paper**, due May 4, 5 PM, sent in an email attachment, 50% of grade. Late work will not be accepted. Your paper will be evaluated on the quality of your research question (see the three criteria above) and the quality of your paper (have you clearly and carefully described your research question and analysis).

The length of the paper should be between 15-25 pages (1.5-spaced) and include the following sections: Introduction, Conceptual Model/Economic Predictions, Econometric Model, Data, Results, and Conclusions. You should also include a title page and a list of cited references. See Chapter 19 in Wooldridge (2002) or Chapter 19 in Hill, Griffiths and Judge (2001) for further guidance on these sections.

Please be aware of plagiarism guidelines. All of us base some of our work on the ideas of others, but you must use your own words and also cite the ideas and words of others carefully and appropriately. For example, do not copy text from other work, and do not copy regression specifications without an immediate acknowledgement and citation to the work it comes from.

Let me know if you would like to use some of your work in this class for a similar paper in another course.