Classes will be held in Emerson 210 every Monday, Wednesday, and Friday, except February 21 and March 11.

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

Prerequisite: Economics 1010a or 1011a, API-101, or permission of one of the instructors. The course also assumes macroeconomics at the level of 1010b or 1011b.

Grades will be determined as follows:
- a midterm exam given in class on March 9-- 25 percent
- two four-page memos due at the beginning of class on March 2 and April 27 -- 25 percent
- a final exam given on Thursday, May 12 -- 50 percent
- Paper Option: Students have the option of writing a 20-25 page research paper (due on May 4) 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.

Schedule
American Economic Policy
Spring 2011

M Jan. 24 Introduction (Feldstein)
W Jan. 26 Housing and Financial Markets (Feldstein)
F Jan. 28 Keynesian Economics: Retreat and Return (Feldstein)

M Jan. 31 Keynesian Economics: Retreat and Return (Feldstein)
W Feb. 2 Demand Management: View from the Trenches (Liebman)
F Feb. 4 National Saving and Growth (Liebman)

M Feb. 7 Business Cycles, Inflation, and Monetary Policy (Feldstein)
W Feb. 9 Business Cycles, Inflation, and Monetary Policy (Feldstein)
F Feb. 11 Budget Deficits and Surpluses (Feldstein)

M Feb. 14 Budget Deficits and Surpluses (Liebman)
W Feb. 16 The Dollar (Feldstein)
F Feb. 18 The Dollar (Feldstein)
M Feb. 21 President’s Day, University Holiday (No Class)
W Feb. 23 Tax Policy (Feldstein)
F Feb. 25 The Recent Financial Crisis (Summers)

M Feb. 28 Tax Policy (Feldstein)
W Mar. 2 Tax Policy (Liebman)
F Mar. 4 Unemployment and Unemployment Insurance (Liebman)

M Mar. 7 Rescuing the Auto Industry (Summers)
W Mar. 9 Midterm Exam
F Mar. 11 No class

M Mar. 14 Spring Break
W Mar. 16 Spring Break
F Mar. 18 Spring Break

M Mar. 21 Health Care Policy (Liebman)
W Mar. 23 Health Care Policy (Liebman)
F Mar. 25 Financial System Rescue and Reform (Summers)

M Mar. 28 Health Care Policy (Feldstein)
W Mar. 30 Social Security Reform (Liebman)
F Apr. 1 Social Security Reform (Feldstein)

M Apr. 4 Social Security Reform (Feldstein)
W Apr. 6 Health and Soc. Sec. Discussion (Feldstein and Liebman)
F Apr. 8 Income Inequality and Welfare Policy (Liebman)

M Apr. 11 Income Inequality and Welfare Policy (Liebman)
W Apr. 13 Energy Policy and Global Climate Change (Liebman)
F Apr. 15 Trade Policy (Summers)

M Apr. 18 Globalization and Economic Policy (Summers)
W Apr. 20 Economic Policy in 2011 (Feldstein, Liebman, Summers)
F Apr. 22 Education and Human Capital (Liebman)

M April 25 National Security (Feldstein)
W April 27 Conclusion (Feldstein)

Reading Period: April 28 - May 5
Final Exam: May 12
READING LIST

1. **Introduction: Where are we? How did we get here? (January 24)**


2. **Housing and Financial Markets (January 26)**


   Doug Diamond and Anil Kashyap. “Everything you need to know about the financial crisis.”

   NBER Reporter, “Congressional Support for Subprime Lending,” November 2010,

   NBER Reporter, “Federal Mortgage Modification Programs,” June 2010,

   NBER Reporter, “The Refinancing Boom and the Financial Crisis,” December 2009,

   NBER Reporter, “Home Prices, Home Equity-based Borrowing, and the U.S. Household Leverage Crisis,”

3. **Keynesian Economics: Retreat and Return (January 28, January 31)**


NBER reporter, “Household Spending Response to the 2008 Tax Rebate,” March 2010,


*4. Demand Management: View from the Trenches (February 2)*


5. **National Saving and Growth (February 4)**

Lusardi, Annamaria, Jonathan Skinner, Steven Venti. “Savings puzzles and savings policies in the US.”


Alan Greenspan, “Remarks at the European Banking Congress,” November 19, 2004


6. **Business Cycles, Inflation and Monetary Policy (February 7, February 9)**


Martin Feldstein, “Enough with the Interest Rate Cuts,” Wall Street Journal, April 15, 2008


7. **Budget Deficits and Surpluses (February 11, February 14)**


*Additional optional resources:*


8. The Dollar and the Trade Balance (February 16, February 18).


9. Tax Policy (February 23, February 28, March 2)


July 20, 2010.


*Additional optional resource:*


10. **The Recent Financial Crisis (February 25)**

Readings TBA.

11. **Unemployment and Unemployment Insurance (March 4)**


12. **Rescuing the Auto Industry (March 7)**

Readings TBA.

13. **Health Care Policy (March 21, March 23, March 28)**


Kaiser Family Foundation, “Summary of New Health Reform Law,”


14. **Financial System Rescue and Reform (March 25)**

Readings TBA.

15. **Social Security Reform (March 30, April 1, April 4)**


Jeffrey Liebman, Maya MacGuineas, and Andrew Samwick, “Nonpartisan Social Security Reform Plan.”


16. **Income Inequality And Welfare Policy (April 8, April 11)**


17. **Energy Policy and Global Climate Change (April 13)**


18. **Trade Policy (April 15)**


Readings TBA.

20. **Education and Human Capital (April 22)**


[http://www.nber.org/feldstein/wsj12242008.html](http://www.nber.org/feldstein/wsj12242008.html)


[http://www.cfr.org/content/publications/attachments/EnergyTFR.pdf](http://www.cfr.org/content/publications/attachments/EnergyTFR.pdf)

[http://www.nber.org/feldstein/washpost_091808.html](http://www.nber.org/feldstein/washpost_091808.html)

[http://www.nber.org/feldstein/dollarandpriceofoil.syndicate.08.pdf](http://www.nber.org/feldstein/dollarandpriceofoil.syndicate.08.pdf)

[http://www.nber.org/feldstein/wsj060506.html](http://www.nber.org/feldstein/wsj060506.html)

Additional optional resource: