

Economics 14.472: Public Economics
MIT Economics
Fall 2025

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Teaching Assistant: Jamie Emery (jemery@mit.edu)

Class: Mondays and Wednesdays, 230-4pm *note different rooms by day:*
Mondays: E51-376
Wednesdays: E52-432

Recitation: Friday, 12-1pm (E51-390)
OH (with Jamie): Friday, 1pm-2pm (room TBD)

Course Description

The course will focus on a range of topics in public economics, primarily focused on expenditure policy and policies designed to correct market failures. It will be roughly equally divided between two main topics, redistribution and social insurance, with some additional topics that vary year to year (this year we'll have a few lectures on the efficiency of government spending and procurement). Key topics include principles of welfare estimation of government policies, the optimal design of redistributive programs, theoretical and empirical analyses of insurance markets, and the optimal provision of social insurance. Throughout, the course will devote considerable attention to the development of an integrated theoretical toolkit for normative evaluation of government policies, as well as to the complementarities between theory and (a range of) empirical methods.

The department offers two graduate public finance courses: 14.471 (Public Finance I) and 14.472 (Public Finance II). Broadly speaking, 471 focuses on taxation while 472 focuses on expenditures. They may be taken in either order. Students who want to have public finance as a major field must take both 14.471 and 14.472.

The course pre-requisites include the MIT first year graduate micro sequence (previously or in parallel) or equivalent coursework.

Course Requirements

There are four requirements for this course:

1. Problem sets – there will be 2 problem sets that you are required to complete.
The first one will be handed out September 17th and due **October 15th**
The second one will be handed out October 22rd and due **November 19th**
2. Written comments - There will be 10-12 short written response papers that must be submitted to Canvas by 7am on the day of class to enable us to read them before class. These written response papers should be a no more than 1 page (double spaced), and can be shorter. They should briefly summarize the paper and provide one or two “big picture” comments on the paper. These can include, for example, suggestions for further research; an important question related to the paper that the paper does not address (or leaves unanswered); alternative interpretations for the paper’s findings; or a major substantive concern with the analysis.
3. Research proposal -- you will be asked to develop a research proposal and introductory analysis that either builds on an existing paper or is an independent topic. All projects must be

approved in advance by Profs. Finkelstein or Hendren by **November 3rd** (although you may change it subsequently with our permission). Your proposal need not include data analysis, but must describe a project that is in principle feasible if you were to get access to the necessary data (which ideally exists in principle). So that you have sufficient time to focus on the exam, all projects will be due by the end of the day on **December 10th**. Please submit your proposal in the form of a 3-5 page write-up that discusses the question of interest, proposed methodology, and any preliminary results. *For those who want to follow up to discuss their proposal, we will have optional in-person meetings over IAP.*

4. Final exam – this will take place during the registrar’s allotted time during exam period.

Your grade will be 40% final exam, 20% problem sets, 20% final research proposal, and 20% weekly responses.

Office Hours: By Appointment

Reporting bias-related or other incidents: The Economics Department fully endorses the Institute Discrimination and Harassment Response Office (IDHR) reporting process for any bias-related incident. We encourage students to use this valuable resource if needed for any reason. This process is useful for addressing any issues that may arise with professors, teaching assistants, or other students in this course. If you’ve had a negative experience and aren’t sure if IDHR is the place to go, they can also help you find the right office at MIT to receive support. The department values such reports as important to our pursuit of equitable and inclusive treatment for all students, faculty, and staff. <https://idhr.mit.edu/submitincidentreport>

Accessibility and support: The Economics Department values an inclusive environment. If you need a disability accommodation to access this course, please communicate with us early in the semester. If you have your accommodation letter, please meet with the faculty so that we can understand your needs and implement your approved accommodations. If you have not yet been approved for accommodations, please contact Student Disability Services at uaap-sds@mit.edu to learn about their procedures. We encourage you to do so early in the term to allow sufficient time for implementation of services/accommodations that you may need.

14.472 Home Page: There is a 14.472 site (<https://canvas.mit.edu/courses/32961>) on Canvas. Links for all of the weekly readings are included on the course website. All assignments should be submitted under the “Assignments” tab. Zoom links for lectures and recitations will be posted here. The Canvas page also links to **Slack** (<https://mit.enterprise.slack.com/archives/C09C8RFM0GY>) which will be used for class discussion. Feel free to post questions on class materials, readings, or general research topics. Adam will respond, though you are highly encouraged to interact with classmates on the forum.

Lecture Schedule and Required Readings

There is no class on Wednesday November 26th.

The topic schedule for each week is as follows:

September 3: Introductory lecture (Finkelstein and Hendren)

REDISTRIBUTION

Week 1 Empirical Welfare Analysis

September 8-10: Empirical Welfare Estimation and the MVPF (Hendren)

Week 2: Cash vs. In Kind Redistribution

September 15 Theory (Hendren)

September 17 Empirics (Finkelstein)

Week 3 Take-up and Self Targeting

September 22-24: Take-up and Self-Targeting (Finkelstein)

Week 4: Place-Based Policies 1

September 29: Theory (Hendren)

October 1: Empirics (Hendren)

Week 5: Other Redistribution Topics / Applications:

October 6: Effects of Neighborhoods on Kids, Intergenerational Redistribution (Hendren)

October 8: Food Stamps / SNAP: Impacts and Welfare Implications (Finkelstein)

SOCIAL INSURANCE

Week 6: Asymmetric Information: Theory

October 15: Theory (Finkelstein and Hendren)

Week 7: Asymmetric Information: Empirics (Testing and Welfare)

October 20: Empirical testing (Finkelstein)

October 22: Welfare with revealed preference (Finkelstein)

Week 8: Asymmetric Information: Empirics (Welfare without revealed preference)

October 27: Demand does not reveal value (Finkelstein)

October 29: No Markets (Finkelstein and Hendren)

Week 9: Optimal Social Insurance: Theory and Empirics

November 3: and Nov 5: Optimal Social Insurance Benefits (Hendren)

Week 10: Selection on Slopes

November 12: Selection on Slopes (Finkelstein)

Week 11: Optimal Health Insurance Policy for Low-Income Individuals

November 17-19 Optimal Health Insurance Policy for Low-Income Adults (Finkelstein)

Week 12: Reclassification Risk

November 24: Reclassification Risk (Hendren)

November 26: No lecture – Happy Thanksgiving!

POTPOURRI OF PUBLIC FINANCE

Week 13:

December 1 Choice of Instrument (Finkelstein)
December 3: Employment programs (Hendren)

Week 14:

December 8 Cash Transfers: from MPCs to Welfare (Hendren)
December 10: Wrap-up lecture (Finkelstein and Hendren)

Readings

Useful background sources:

For institutions and intuition: Jon Gruber, *Public Finance and Public Policy* 7th edition, 2022

For a lot more institutional detail: Robert Moffitt (ed) *Economics of Means Tested Transfer Programs* (volume I/II 2016)

Note that the discussion paper(s) are in **bold**, and other required readings (which should be read before class) are in *italics*.

Week 1 Empirical Welfare Analysis

September 8-10: Empirical Welfare Estimation and the MVPF (Hendren)

Hendren and Sprung-Keyser (2020, QJE), “A Unified Welfare Analysis of Government Policies”

Hendren and Finkelstein (2020, JEP), “Welfare Analysis Meets Causal Inference”

Bastani, S. The marginal value of public funds: a brief guide and application to tax policy. *Int Tax Public Finance* (2024). <https://doi.org/10.1007/s10797-024-09860-x>

Saez, E. and Stantcheva, S., 2016. Generalized social marginal welfare weights for optimal tax theory. *The American Economic Review*, 106(1), pp.24-45.

Mayshar (1990), “[On Measures of Excess Burden and Their Application](#)”, *Journal of Public Economics* v 43 no 3.

Hendren (2016), “[The Policy Elasticity](#)”, *Tax Policy and the Economy*.

Harberger, A. (1964) “The Measurement of Waste”, *American Economic Review*, 54

Ballard, C. L. and D. Fullerton (1992), “Distortionary Taxes and the Provision of Public Goods”, *Journal of Economic Perspectives*

Feldstein, M. (1999). “Tax Avoidance and the Deadweight Loss of the Income Tax”, *The Review of Economics and Statistics*, 81(4)

Kleven, H. J. and C. T. Kreiner (2006). “The Marginal Cost of Public Funds: Hours of Work Versus Labor Force Participation”, *Journal of Public Economics*

Dahlby, B. (2008) *The Marginal Cost of Public Funds*, MIT Press

Hendren, Nathaniel. 2020. “[Measuring Economic Efficiency Using Inverse-Optimum Weights.](#)” *Journal of Public Economics* 187.

Mirrlees, James A. "Optimal tax theory: A synthesis." *Journal of Public Economics* 6.4 (1976): 327-358.

Jacobs, Bas, Egbert L.W. Jongen and Floris T. Zoutman. "Revealed Social Preferences of Dutch Political Parties" *Journal of Public Economics* 165 (2017): 81-100.

Hicks, J. R. (1939) "The Foundations of Welfare Economics", *Economic Journal*, 49

Kaldor, N. (1939) "Welfare Propositions of Economics and Interpersonal Comparisons of Utility", *Economic Journal*, 49

Bourguignon, F. and Spadaro, A., 2012. Tax–benefit revealed social preferences. *The Journal of Economic Inequality*, 10(1), pp.75-108.

Week 2: Cash vs. In Kind Redistribution

September 15 Theory (Hendren)

Ferey, Antoine, Benjamin Lockwood, and Dmitry Taubinsky (2024). Sufficient statistics for nonlinear tax systems with general across-income heterogeneity. *American Economic Review*, 14(10), 3206-3249.

Kaplow, L., 2004. On the (ir) relevance of distribution and labor supply distortion to government policy. *The Journal of Economic Perspectives*, 18(4), pp.159-175.

Kaplow, Louis. "Public goods and the distribution of income." *European Economic Review* 50.7 (2006): 1627-1660.

Kaplow, Louis. "On the undesirability of commodity taxation even when income taxation is not optimal." *Journal of Public Economics* 90.6 (2006): 1235-1250.

Kaplow, Louis. "Market Power and Income Taxation." NBER Summer Institute (2018). http://papers.nber.org/conf_papers/f105223/f105223.pdf

Hylland, A. and R. Zeckhauser (1979). Distributional objectives should affect taxes but not program choice or design. *The Scandinavian Journal of Economics* 81(2), 264–284

Christiansen, V. (1977). The theoretical basis for deriving distributive weights to be used in cost-benefit analysis. Technical report, Memorandum from the Institute of Economics, University of Oslo, 25 April

Christiansen, V. (1981, 07). Evaluation of Public Projects under Optimal Taxation. *The Review of Economic Studies* 48(3), 447–457.

Christiansen, V. and E. S. Jansen (1978). Implicit social preferences in the norwegian system of indirect taxation. *Journal of Public Economics* 10(2), 217 – 245.

Diamond, P. and J. Mirrlees (1971). "Optimal Taxation and Public Production I: Production Efficiency", *American Economic Review*, 61(1)

Atkinson, Anthony Barnes, and Joseph E. Stiglitz. "The design of tax structure: direct versus indirect taxation." *Journal of public economics* 6.1 (1976): 55-75.

Saez, Emmanuel. "The desirability of commodity taxation under non-linear income taxation and heterogeneous tastes." *Journal of Public Economics* 83.2 (2002): 217-230.

September 17 Empirics (Finkelstein)

Amubuehl, Sandro, B Douglas Bernheim, Tony Q Fan and Zachary Freitas-Gross. 2025. Interventionist preferences and the welfare state: the case of in-kind aid. NBER Working Paper.

Banerjee, Abhijit, Rema Hanna, Ben Olken, Elan Satriawan and Sudarno Sumarto. 2023. "Electronic Food Vouchers: Evidence from an At-Scale Experiment in Indonesia." *American Economic Review* 113(2): 514-547.

Blanco, H. 2023. "Pecuniary Effects of Public Housing Demolitions: Evidence from Chicago" *Regional Science and Urban Economics* 98.

Chorniy, Anna, Amy Finkelstein and Matthew Notowidigdo. 2025. "Paternalistic Social Assistance: Evidence and Implications from Cash vs. In-Kind Transfers". Working Paper.

Coate, S., S. Johnson, and R. Zeckhauser. 1994. "Pecuniary Redistribution through In-Kind Programs". *Journal of Public Economics* 55, 19-40.

Coate, S. 1995. "Altruism, the Samaritan's Dilemma, and Government Transfer Policy." *American Economic Review* 85(1): 46-57.

Currie, Janet and Firouz Gahvari. 2008. "Transfers in Cash and in Kind: Theory Meets the Data." *Journal of Economic Literature* 46 (2): 333-383.

Deshpande, M. and Lockwood L.M. 2022. Beyond Health: Non-Fatal Risk and the Value of Disability Insurance. *Econometrica* 90(4): 1781-1810.

Cunha, J.M., De Giorgi, G. and Jayachandran, S., 2018. The price effects of cash versus in-kind transfers. *The Review of Economic Studies*, 86(1), pp.240-281.

Diamond, Rebecca, Tim McQuade and Franklin Qian. 2019. "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco." *American Economic Review* 109(9): 3365-94.

Gadenne, Lucie, Samuel Norris, Monica Singhal, and Sandip Sukhtankar. forthcoming. "In-Kind Transfers as Insurance." *American Economic Review*, https://msinghal.faculty.ucdavis.edu/wp-content/uploads/sites/340/2024/06/pds_price_risk.pdf

Gaubert, Cecile, Patrike Kline, Damian Vergara and Danny Yagan. forthcoming. Place-Based Redistribtion. *American Economic Review*

Lieber, E.M. and Lockwood, L.M., 2019. *Targeting with In-Kind Transfers: Evidence from Medicaid Home Care. American Economic Review, 109(4), pp.1461-85.*

Liscow, Zachary and Abigail Pershing , Why Is So Much Redistribution In-Kind and Not in Cash? Evidence from a Survey Experiment, *National Tax Journal* 2022 75:2, 313-354

Nichols, A. and R. Zeckhauser, "Targeting Transfers Through Restrictions on Recipients," *American Economic Review* 72 (May 1982), 372-377.

Week 3 Take-up and Self Targeting

September 22-24: Take-up and Self-Targeting (Finkelstein)

Alatas, Vivi, Abhijit Banerjee, Rema Hanna, Benjamin Olken, Ririn Purnamasari, and Matthew Wai Poi. 2016. "Self Targeting: Evidence from a Field Experiment in Indonesia". *Journal of Political Economy*, 124 (2): 371-427.

Anders, Jenna and Charlie Rafkin. 2024. "Welfare Effects of Eligibility Expansions: Theory and Evidence from SNAP."

https://www.charlierafkin.com/docs/ar_eligibility.pdf

Bettinger, Eric, Bridget Long, Phil Oreopoulos and Lisa Sanbonmatsu. 2012. "The Role of Simplification and Information: Evidence from the FAFSA Experiment." *Quarterly Journal of Economics* 127 (3): 1205-1242.

Bhargava, Saurabh and Dayand Manoli. 2015. "Psychological Frictions and the Incomplete Take-up of Social Benefits: Evidence from an IRS Field Experiment" *American Economic Review* 105(11): 3489-3529.

Bertrand, Marrienne, Sendil Mullainathan, and Eldar Shafir. 2004. "[A Behavioral-Economics View of Poverty](#)." *American Economic Review Papers and Proceedings*, May 2004, 419-423.

Burland, Elizabeth, Susan Dynarski, Katherine Michelmore, Stephanie Owen and Shwetha Raghuraman. 2023. "The Power of Certainty: Experimental Evidence on the Effective Design of Free Tuition Programs." *American Economic Review: Insights* 5(3).

Currie, Janet. 2006. "The Take-up of Social Benefits" in "Poverty, The Distribution of Income, and Public Policy" edited by A. Auerbach, D. Card, and J. Quigley, pp.80-148, New York: Russell Sage

Deshpande, M. and Li, Y., 2019. Who is screened out? application costs and the targeting of disability programs. American Economic Journal: Economic Policy

Dynarski, Susan, Katherine Micheltore, CJ Libassi and Stephanie Owen. 2021. "Closing the Gap: The Effect of Reducing Complexity and Uncertainty in College Pricing on the Choices of Low-Income Students." *American Economic Review* 111(6): 1721-1756.

Finkelstein, A. and Notowidigdo, M.J., 2019. Take-up and targeting: Experimental evidence from SNAP. *The Quarterly Journal of Economics*, 134(3), pp.1505-1556.

Handel, Benjamin, Jonathan Kolstad, Thomas Minten, Johannes Spinnewijn. Forthcoming. "The Socio-Economic Distribution of Choice Quality: Evidence from Health Insurance in the Netherlands." *American Economic Review: Insights*.

Homonoff and Somerville 2021. "Program Recertification Costs: Evidence from SNAP" *American Economic Journal: Economic Policy* 13(4): 271-98.

Ko, W., & Moffitt, R. A. (2024). Take-up of social benefits. *Handbook of Labor, Human Resources and Population Economics*, 1-42.

Mullainathan, Sendhil and Eldar Shafir. 2013. Scarcity: Why Having Too Little Means So Much. New York: Henry Holt and Company.

Naic, Canishk. 2025. "[Mental Health and the Targeting of Social Assistance](#)." Working Paper

Nichols, A. and R. Zeckhauser, "[Targeting Transfers Through Restrictions on Recipients](#)," *American Economic Review* 72 (May 1982), 372-377.

Rafkin, Charlie, Adam Solomon, and Evan Soltas. 2024. [Self-targeting in U.S. Transfer Programs](#)

Shepard, Mark and Myles Wagner. 2025. "Do ordeals work for selection markets? Evidence from health insurance auto-enrollment." *American Economic Review* 115(3): 772-822.

Shilbach, Frank, Heather Shofield and Sendhil Mullainathan. 2016. "The Psychological lives of the poor." *American Economic Review Papers and Proceedings*. May: 106(5): 435-440.

Wu, Derek and Bruce Meyer. 2023. "Certification and Recertification in Welfare Programs: What Happens When Automation Goes Wrong." NBER Working Paper 31437.

Week 4: Place-Based Policies 1

September 29: Theory (Hendren)

October 1: Empirics (Hendren)

Owen Zidar's lecture slides from when he taught at MIT <https://zidar.princeton.edu/classes/mit-14472-graduate-public-economics-ii-guest-lectures-spatial-public-finance>

Slattery, C. (2025). Bidding for Firms: Subsidy Competition in the United States. *Journal of Political Economy*, 133(8), 000-000.

Serrato, Juan Carlos Suárez, and Owen Zidar. "Who benefits from state corporate tax cuts? A local labor markets approach with heterogeneous firms." *The American Economic Review* 106.9 (2016): 2582-2624.

Diamond, Rebecca. "The determinants and welfare implications of US workers' diverging location choices by skill: 1980–2000." *The American Economic Review* 106.3 (2016): 479-524.
Moretti, Enrico. "Estimating the social return to higher education: evidence from longitudinal and repeated cross-sectional data." *Journal of econometrics* 121.1 (2004): 175-212.

Roback, Jennifer. "Wages, rents, and the quality of life." *Journal of political economy* 90.6 (1982): 1257-1278.

Feldstein, Martin, and Marian Vaillant Wrobel. "Can state taxes redistribute income?." *Journal of Public Economics* 68.3 (1998): 369-396.

Agrawal, David R., William H. Hoyt, and Tidiane Ly. "A new approach to evaluating the welfare effects of decentralized policies." *Available at SSRN 4009872* (2022).

Slattery, Cailin, and Owen Zidar. "Evaluating state and local business incentives." *Journal of Economic Perspectives* 34.2 (2020): 90-118.

Garrett, Daniel G., Eric Ohrn, and Juan Carlos Suárez Serrato. "Tax policy and local labor market behavior." *American Economic Review: Insights* 2.1 (2020): 83-100.

Manduca, Robert, Brian Highsmith, and Jacob Waggoner. "Tax base fragmentation as a dimension of metropolitan inequality." *Socio-Economic Review* (2025)
<https://academic.oup.com/ser/advance-article/doi/10.1093/ser/mwaf055/8286993>

Week 5: Other Redistribution Targets

October 6: Effects of Neighborhoods on Kids, Intergenerational Redistribution (Hendren)

Chetty, Raj, et al. "Where is the land of opportunity? The geography of intergenerational mobility in the United States." *The quarterly journal of economics* 129.4 (2014): 1553-1623.

Chetty, Raj, and Nathaniel Hendren. "The impacts of neighborhoods on intergenerational mobility I: Childhood exposure effects." *The Quarterly Journal of Economics* 133.3 (2018): 1107-1162.

Chetty, Raj, and Nathaniel Hendren. "The impacts of neighborhoods on intergenerational mobility II: County-level estimates." *The Quarterly Journal of Economics* 133.3 (2018): 1163-1228

Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. "The effects of exposure to better neighborhoods on children: New evidence from the moving to opportunity experiment." *American Economic Review* 106.4 (2016): 855-902.

Chyn, Eric. "Moved to opportunity: The long-run effects of public housing demolition on children." *American Economic Review* 108.10 (2018): 3028-3056.

Bergman, Peter, et al. "Creating moves to opportunity: Experimental evidence on barriers to neighborhood choice." *American Economic Review* 114.5 (2024): 1281-1337.

Derenoncourt, Ellora. "Can you move to opportunity? Evidence from the Great Migration." *American Economic Review* 112.2 (2022): 369-408.

Diamond, Peter A. (1965): "National Debt in a Neoclassical Growth Model," *American Economic Review*, 55, 1126–1150, <http://www.jstor.org/stable/1809231>.

Weil, Philippe (2008): "Overlapping Generations: The First Jubilee," *Journal of Economic Perspectives*, 22(4), 115–34.

Farhi, Emmanuel, and Iván Werning. "Progressive estate taxation." *The Quarterly Journal of Economics* 125.2 (2010): 635-673.

MacAskill, William. *What We Owe The Future*. Simon and Schuster, 2022.

Adhami, Mohamad, et al. *Population and Welfare: The Greatest Good for the Greatest Number*. No. w31999. National Bureau of Economic Research, 2024. Retitled: "Population and Welfare: Measuring Growth when Life is Worth Living".

October 8: Food Stamps / SNAP: Impacts and Welfare Implications (Finkelstein)

Almond, Douglas, Hilary Hoynes and Diane Schanzenbach. 2011. "Inside the War on Poverty: The Impact of Food Stamps on Birth Outcomes." *Review of Economics and Statistics* 93(2): 387-403.

Bailey, Martha, Hilary Hoynes, Maya Rossin-Slater and Reed Walker. 2024. "Is the Social Safety Net a Long-Term Investment? Large-Scale Evidence from the Food Stamp Program." *Review of Economic Studies*.

Chorniy, Anna, Amy Finkelstein and Matthew Notowidigdo. 2025. "Paternalistic Social Assistance: Evidence and Implications from Cash vs. In-Kind Transfers". Working Paper.

Finkelstein, Amy, Matthew Notowidigdo and Charlie Rafkin. 2025. "Welfare Analysis of Food Stamps: Evidence from the Creation of the Modern Program." Mimeo

Hastings, Justine and Jesse Shapiro. 2018. "How Are SNAP Benefits Spent? Evidence from a Retail Panel." *American Economic Review* 108(12): 3493-3540.

Hoynes, Hilary and Diane Schanzenbach. 2009. "Consumption Responses to In-Kind Transfers: Evidence from the Introduction of the Food Stamp Program." *American Economic Journal: Applied Economics* 1(4): 109-39.

SOCIAL INSURANCE

Week 6: Asymmetric Information: Theory

October 15: Theory (Finkelstein and Hendren)

Akerlof, G. 1970. "The Market for Lemons: Quality Uncertainty and the Market Mechanism." *Quarterly Journal of Economics* 84(3): 488-500.

Einav, Liran and Amy Finkelstein. 2011. "Selection in Insurance Markets: Theory and Empirics in Pictures." *Journal of Economic Perspectives (Vol 25 (1): 115-138)*.

M. Rothschild and J. Stiglitz, "Equilibrium in Competitive Insurance Markets: An Essay on the Economics of Imperfect Information." *Quarterly Journal of Economics*, 90(4), November 1976: 629-650.

Week 7: Asymmetric Information: Empirics (Testing and Welfare)

October 20: Empirical testing (Finkelstein)

Carey, Colleen. 2017. "Technological Change and Risk Adjustment: Benefit Design Incentives in Medicare Part D," *American Economic Journal: Economic Policy* 9, no. 1 (2017): 38–73

Chiappori, Pierre-Andre and Bernard Salanie. "Testing for Asymmetric Information in Insurance Markets." *Journal of Political Economy*, 2000, 108 (1), pp. 56-78.

Cooper, Alicia L. and Amal N. Trivedi, 2012. "Fitness Memberships and Favorable Selection in Medicare Advantage Plans," *New England Journal of Medicine* 366, no. 2 (January 12,): 150–57, <https://doi.org/10.1056/NEJMsa1104273>.

Einav, Liran, Amy Finkelstein and Ray Fisman. 2023. *Risky Business: Why Insurance Markets Fail and What To Do About It*. Yale University Press.

Finkelstein, Amy and Kathleen McGarry. 2006. "[Multiple Dimensions of Private Information: Evidence from the Long-Term Care Insurance Market](#)." *American Economic Review* September, 938 – 958.

Fang, Hanming, Michael Keane, and Dan Silverman (2008), "Sources of Advantageous Selection: Evidence from the Medigap Insurance Market," *Journal of Political Economy* 116(2): 303-350.

Karlan, Dean and Jonathan Zinman. 2009. "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment," *Econometrica*, Vol. 77, No. 6: 1993–2008

Kreider, Amanda, Timothy Layton, Mark Shepard, and Jacob Wallace. Forthcoming. "Adverse Selection and Network Design Under Regulated Plan Prices: Evidence from Medicaid." *Journal of Health Economics*
<https://scholar.harvard.edu/mshepard/publications/adverse-selection-and-network-design-under-regulated-plan-prices-evidence>

Landais, Camille, Nekoei, A. Peter Nilsson, David Seim and Johannes Spinnewijn. 2021. "Risk Based Selection in Unemployment Insurance: Theory and Evidence." *American Economic Review* April.

Panhans, Matthew. 2019. "Adverse Selection in ACA Exchange Markets: Evidence from Colorado." *American Economic Journal: Applied Economics*. April. Volume 11 (2): 1-36.

Shepard, Mark. 2022. "Hospital Network Competition and Adverse Selection: Evidence from the Massachusetts Health Insurance Exchange." *American Economic Review*

Wagner, Katherine R H. 2022. "Adaptation and Adverse Selection in Markets for Natural Disaster Insurance." *American Economic Journal: Economic Policy*, 14 (3): 380-421

October 22: Welfare with revealed preference (Finkelstein)

Bundorf, Kate M., Jonathan Levin, and Neale Mahoney, 2012, "Pricing, Matching and Efficiency in Health Plan Choice," *American Economic Review* 102(7): 3214-3248

Cabral, Marika, Can Cui, and Michael Dworsky. 2022. "The Demand for Insurance and Rationale for a Mandate: Evidence from Workers' Compensation Insurance." *American Economic Review*, 112 (5): 1621-68.

Cohen, Alma and Liran Einav. 2007. "Estimating Risk Preferences from Deductible Choice" American Economic Review. June: 745-788

DeFusco, A. A., Tang, H., & Yannelis, C. (2022). Measuring the welfare cost of asymmetric information in consumer credit markets. *Journal of Financial Economics*, 146(3), 821-840.

Einav, Liran and Amy Finkelstein. 2023. "Empirical analyses of selection and welfare in insurance markets: a self-indulgent survey". *The Geneva Risk and Insurance Review*, 48(2): September, 167-191

Einav, Liran, Amy Finkelstien and Jonathan Levin. 2010. "Beyond Testing: Empirical Models of Insurance Markets". *Annual Review of Economics* (2): 311-336.

Einav, Liran, Amy Finkelstein and Neale Mahoney. 2021. "The IO of Selection Markets". Handdbook of Industrial Organization Volume 5(1): Chapter 14. Kate Ho, Ali Hortascu and Allesandro Lizzeri (eds).

Einav, Liran, Amy Finkelstein and Paul Schrimpf. 2010. "Optimal Mandates and the Welfare Cost of Asymmetric Information: Evidence from the U.K. Annuity Market." *Econometrica* 78(3): 1031-1092.

Einav, Liran, Amy Finkelstein and Mark Cullen. 2010. "Estimating Welfare in Insurance Markets Using Variation in Prices." *Quarterly Journal of Economics* 123 (3): 877-921.

Finkelstein, A., Hendren, N. and Shepard, M., 2019. Subsidizing health insurance for low-income adults: Evidence from Massachusetts. *American Economic Review*, 109(4), pp.1530-67..

Michael Geruso, Timothy J. Layton, Grace McCormack, Mark Shepard; The Two Margin Problem in Insurance Markets. *The Review of Economics and Statistics* 2021;

Landais, Camille, Nekoei, A. Peter Nilsson, David Seim and Johannes Spinnewijn. 2021. "Risk Based Selection in Unemployment Insurance: Theory and Evidence." *American Economic Review* April.

Mahoney, Neale and E. Glen Weyl. (2017). "Imperfect Competition in Selection Markets." *Review of Economics and Statistics* 99 (4): 637-651.

Nelson, Scott. 2025. "Private Information and Price Regulation in the US Credit Card Market." *Econometrica* 93(4): 1371-1410.

Veiga, Andre and E. Glen Weyl. 2016. "Product Design in Selection Markets" *Quarterly Journal of Economics* 131 (2): 1007-1056.

Week 8: Asymmetric Information: Empirics (Welfare without revealed preference)

October 27: Demand does not reveal value (Finkelstein)

Abaluck, Jason and Abi Adams-Prassl. 2021. "What Do Consumers Consider Before They Choose? Identification from Asymmetric Demand Responses."

Abaluck, Jason and Jonathan Gruber. 2011. "Choice Inconsistencies Among the Elderly: Evidence from Plan Choice in the Medicare Part D program" *American Economic Review* 101(4): 1180-1210.

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October 29: No Markets (Finkelstein and Hendren)

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Week 9: Optimal Social Insurance: Theory and Empirics

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Week 10: Selection on Slopes

November 12: Selection on Slopes

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Week 11: Optimal Health Insurance Policy for Low-Income Individuals

November 18-20 Optimal Health Insurance Policy for Low-Income Adults (Finkelstein)

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Week 12: Reclassification Risk

November 24: Reclassification Risk (Hendren)

Hendren, Nathaniel. 2021. Measuring Ex Ante Welfare in Insurance Markets, *The Review of Economic Studies*, Volume 88, Issue 3, May, Pages 1193–1223, <https://doi.org/10.1093/restud/rdaa015>

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November 26: No lecture – Happy Thanksgiving!

POTPOURRI OF PUBLIC FINANCE

Week 13: Potpourri

December 1 Choice of Instrument: Potpourri (Finkelstein)

Choice in Insurance Markets

Landais, Camille, Nathan Hendren and Johannes Spinnewijn. 2022. "Choice in Insurance Markets: A Pigouvian Approach to Social Insurance Design." *Annual Reviews of Economics*

Marone, Victoria and Adrienne Sabety. 2022. "When should there be Vertical Choice in Health Insurance Markets?" *American Economic Review*
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Public provision vs. mandates

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Epple, D. and Romano, R.E., 1996. Public provision of private goods. *Journal of political Economy*, 104(1), pp.57-84.

Hart, Oliver, Andrei Shleifer and Robert Vishny. 1997. "The Proper Scope of Government: Theory and An Application to Prisons." *Quarterly Journal of Economics*.

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Cabral, Marika and Neale Mahoney. 2019. "Externalities and Taxation of Supplemental Insurance: A Study of Medicare and Medigap." *AEJ: Applied Economics* 11(2): 33-73.

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Regulation of Privately Provided Social Insurance

Einav, Liran, Amy Finkelstein, Ray Kluender and Paul Schrimpf. 2016. "Beyond statistics: the economic content of risk scores." *American Economic Journal: Applied Economics*. 8(2), April 2016.

Einav, Liran, Amy Finkelstein and Pietro Tebaldi. 2024. “Risk Adjustment vs. Subsidies in the Design of Health Insurance Exchanges.” NBER Working Paper 32586

December 3: Employment Programs (Hendren)

Hyman et al:

https://www.nber.org/system/files/working_papers/w32464/w32464.pdf

Katz et al: <https://lkatz.scholars.harvard.edu/publications/why-do-sectoral-employment-programs-work-lessons-workadvance>

Hyman 2018:

https://static1.squarespace.com/static/5acbd8e736099b27ba4cfb36/t/60b41137c81f1253bd09e91c/1622413626875/Hyman_TAA_Nov2018.pdf

Humphries et al:

https://www.nber.org/system/files/working_papers/w33038/w33038.pdf

Montpetit et al: <https://clef.uwaterloo.ca/wp-content/uploads/2024/08/CLEF-073-2024.pdf>

Week 14: Potpourri (con't)

December 9 Cash Transfers: From MPCs to Welfare (Hendren)

Vivalt et al: https://www.alexbartik.com/papers/ORUS_Employment.pdf

Miller et al: <https://evavivalt.com/wp-content/uploads/Miller-et-al.-ORUS-health.pdf>

Bartik et al: <https://evavivalt.com/wp-content/uploads/Bartik-et-al.-ORUS-household-finance.pdf>

Krause et al: https://evavivalt.com/wp-content/uploads/ORUS_Children.pdf

Imbens, G W, D B Rubin and B I Sacerdote. 2001. “Estimating the effect of unearned income on labor earnings, savings, and consumption: Evidence from a survey of lottery players.” American Economic Review 91(4):778–794.

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Golosov, Mikhail, Michael Graber, Magne Mogstad and David Novgorodsky. 2023. “How Americans 55 Respond to Idiosyncratic and Exogenous Changes in Household Wealth and Unearned Income.” Forthcoming, The Quarterly Journal of Economics .

December 11: Wrap-up lecture (Finkelstein and Hendren)

