COURSE SYLLABUS, PART II A: SOCIAL SECURITY

This supplements the syllabus that you received at the beginning of the course.

II. CONCRETE POLICY ISSUES (10/25 TO 12/6)

This is the first of 3 or possibly 4 topics we agreed on. Other readings, and other bullet points may be added.

A. 10/23 to 11/1 Social security

Not required reading, but for the most up-to-date projections of the Social Security Trust Fund, go to http://www.ssa.gov/OACT/TRSUM/trsummary.html

10/25 O’Rourke, Ch. 6

10/25 Krugman, Paul (2005) "Confusions about Social Security," The Economists' Voice: Vol. 2 : Iss. 1, Article 1. Available at: http://www.bepress.com/ev/vol2/iss1/art1 Note: see next page for instructions on getting access to this journal if you have difficulty.


11/1 O’Rourke, Ch. 7

Understand:
• Risks and insurable risks
• Risk aversion (HINT: not the same as an aversion to loss).
• Adverse selection and moral hazard and their relation to private information.
• Possible justifications for government role in social security
• Moral hazard issues in social security
• Significance of the accounting identity t = (B/W) x (S/N) (but don’t memorize the formula)
• Meaning of pay-as-you-go and fully-funded social insurance retirement system.
• Effect on capital accumulation of pay-as-you-go vs. fully funded retirement system.
COURSE SYLLABUS (continued)

- Effect on pay-as-you-go system of change in rate of population growth, change in life expectancy, change in rate of growth of real wages.
- Defined benefit v. defined contribution retirement program
- Privatization, advantages and disadvantages, including issue of defined benefit plan v. defined contribution plan.

To use JSTOR:

Go to http://www.jstor.org/search/

If you are logging in from home you might need to go first to the U of M Library website, http://www.lib.umn.edu/

click on J under Indexes and Databases A-Z

then click on JSTOR.

Enter the following in the Basic Search box: Gramlich "Different approaches for dealing with Social Security"

Be sure that you download the paper of this name from the Journal of Economic Perspectives, which should be first in the list, rather than the paper from the American Economic Review with the same title.

To access The Economist's Voice (to which the Library has a subscription) you can click on the URL (if you downloaded the syllabus) for the article you want, or you can type in the URL from the printed syllabus. If the site says that you are not a subscriber, go to “My Account” at the top of the page, and make sure that your email address is a umn.edu address. That should be enough, but if you still have trouble you can register as a guest by typing in your name and other information that they ask for, then download the article.
11/6 – 11/20  Presidential campaign

Read:
11/6
11/8 O’Rourke, Ch. 8
11/13
11/15 O’Rourke, Ch. 9
11/20

Understand:

B.  11/27 – 12/6  Global warming

Read:
11/27 O’Rourke, Ch. 10
11/29
12/4 O’Rourke, Ch. 11
12/4

Understand:

III.  12/11  The role of government

Assignment:  Paper on O’Rourke due today.

Saturday, Dec. 15  Scheduled Final Exam: 4:00 – 6:00 PM, 255 Blegen