

University of Wisconsin-Madison, Department of Economics  
Economics 441: Analytical Public Finance

Instructor: Jesse Gregory  
Office: 6458 Social Science  
Email: jmgregory@ssc.wisc.edu  
Office Hours: Wed, 1:00-3:00pm

Fall 2016  
Lecture: Tues/Thurs, 2:25-3:40  
TA: Joel McMurry (mcmurry2@wisc.edu)

**Objective:** Economics 441 is a course in applied microeconomics, focusing on the role of the government in the economy. The prerequisite for the course is economics 301. Ideally you will also have had a statistics course. The aim of the course is to provide an understanding of the reasons for government intervention in the economy, the extent of that intervention, and the response of private agents to the government's actions. If this course is successful, you will finish the course with a much greater ability than you now have to think about the logic and consequences of public policies.

**Required Readings:** The textbook for the course is Jonathan Gruber's "Public Finance and Public Policy." Required textbook readings are listed on the syllabus. The textbook readings will occasionally be supplemented with academic and popular articles, which will be announced in lecture.

**Grading:** This course will be graded as follows. There will be six problem sets worth 30% of your grade (5% each). There will be two midterms each worth 20% of your grade. The final exam will be 30% of your grade.

You may work on problem sets in groups, but each student must turn in their own problem set. If you work in a group, you must list all students with whom you worked at the top of the work that you turn in.

The first and second midterms will cover material only from the first and second units of the course respectively. The final exam will be cumulative but will focus more heavily on material from the third unit of the course.

*Important: There will be no early or makeup midterm exams. Instead, I replace the lowest midterm grade with the final exam grade if doing so helps the student.* If you miss a midterm for any reason, that will be the midterm grade that gets replaced. Every student must take the final exam at its scheduled time. If you are not able to take the final exam at that time, **Monday December 19, 2016 at 7:25pm**, please do not enroll in the course.

**Scholastic Dishonesty:** Scholastic dishonesty is any act by a student that misrepresents the student's own academic work or that compromises the work of another. Examples include cheating on assignments or exams, plagiarizing (misrepresenting as one's own work the work done by another person), unauthorized collaboration on assignments or exams, or sabotaging another student's work. Scholastic dishonesty in any form is absolutely unacceptable, and I will do everything in my power to discover and fully prosecute those who cheat.

**Students with Disabilities:** Students with Disabilities: Please contact me early in the semester if you have a documented requirement for accommodation to obtain equal access to this class or to any assignment I may give, so that I can make appropriate arrangements.

**Course Outline:** The outline on the next two pages gives an approximate timeline for course. The midterm dates will not change, but the lecture schedule might change slightly if we get ahead or behind. I will announce the plan for upcoming lectures in class.

**Grievance Procedure:** A blurb about the Economics Department grievance procedure is on the last page of the syllabus.

## **Course Outline:**

Tuesday, September 06, 2016: Why Study Public Finance? / Methods Review  
Gruber: Chapters 1-4

### **Unit I: Market Failures and Public Goods**

Thursday, September 08, 2016: Market Failures – Externalities  
Gruber: Chapter 5

Tuesday, September 13, 2016: Externalities and Public Policy  
Gruber: Chapter 6

Thursday, September 15, 2016: Provision of Public Goods  
Gruber: Chapter 7

Tuesday, September 20, 2016: Catch Up

Thursday, September 22, 2016: Cost-Benefit Analysis  
Gruber: Chapter 8

Tuesday, September 27, 2016: Political Economy  
Gruber: Chapter 9

Thursday, September 29, 2016: State and Local Government Expenditure  
Gruber: Chapter 10

Tuesday, October 04, 2016: Government Role in Education Provision  
Gruber: Chapter 11

Thursday, October 06, 2016: Catch Up/Review

Tuesday, October 11, 2016: **First Midterm**

### **Unit II: Social Insurance and Anti-Poverty Programs**

Thursday, October 13, 2016: Overview of Social Insurance  
Gruber: Chapter 12

Tuesday, October 18, 2016: Social Security  
Gruber: Chapter 13

Thursday, October 20, 2016: Unemployment Insurance  
Gruber: Chapter 14

Tuesday, October 25, 2016: Catch Up

Thursday, October 27, 2016: Health Insurance  
Gruber: Chapter 15

Tuesday, November 01, 2016: Health Insurance II  
Gruber: Chapter 16

Thursday, November 03, 2016: Catch Up

Tuesday, November 08, 2016: Welfare Programs  
Gruber: Chapter 17

Thursday, November 10, 2016: Catch Up/Review

Tuesday, November 15, 2016: **Second Midterm**

### **Unit III: Taxation**

Thursday, November 17, 2016: Taxation Overview  
Gruber: Chapter 18

Tuesday, November 22, 2016: Tax Incidence  
Gruber: Chapter 19

Tuesday, November 24, 2016: Thanksgiving  
Gruber: Chapter 20

Tuesday, November 29, 2016: Tax Inefficiencies and Optimal Taxation  
Gruber: Chapter 20

Thursday, December 01, 2016: Catch Up

Tuesday, December 06, 2016: Taxation of Labor  
Gruber: Chapter 21

Thursday, December 08, 2016: Taxation of Savings  
Gruber: Chapter 22

Tuesday, December 13, 2016: Other Topics in Taxation/Catch Up

Thursday, December 15, 2016: Review

**Monday, December 19, 2016: Final Exam (7:25pm)**

**Grievance Procedure:** The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints.

Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.