

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

Fall 2007

<http://www.ssc.wisc.edu/~mbrown/441.htm>

Prof. Meta Brown  
Office: 7442 Social Science  
Hours: 3:45-4:45 MW  
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Lectures: MW 2:30-3:45pm  
22 Ingraham

Final Exam: December 19, 12:25

Teaching Assistant: Megan Ritz, 6413 Social Science, 262-4542, office hours TBA

In Economics 441 we will examine the nature of public goods and the role of government in society, with emphasis on the effects of government tax and expenditure policies on individual and corporate decision-making and welfare.

**Prerequisite** Economics 301

**Text** Harvey S. Rosen and Ted Gayer, Public Finance (8<sup>th</sup> Edition: McGraw-Hill Irwin, 2007). This text is required.

Materials presented in lecture will include some charts and diagrams from Understanding USA by Richard Saul Wurman and The Coming Generational Storm by Laurence J. Kotlikoff and Scott Burns. These books are not required, but they are relatively inexpensive and may be of interest to some students. The class web page contains additional information on them.

### **Grading**

**PROBLEM SETS (30%):** Three problem sets will be assigned during the semester. These will be collected and selected problems will be graded. Group work is permitted, and one problem set may be submitted by three or fewer group members. Take special care to understand all solutions to problem sets, as this will be important preparation for the final exam.

**PRESENTATION (10%):** Students will give presentations in small assigned groups during the last weeks of the semester. Broad presentation topics will be assigned, and each group will speak for 20 minutes, with the goal of stimulating productive class discussion.

**MIDTERM (25%):** The midterm examination will be held on Wednesday, March 20.

**FINAL EXAM (35%):** The final examination will be held on Wednesday, May 15 at 10:05am.

### **Class web site**

The syllabus, problem sets and lecture notes will be posted on the class web site, [www.ssc.wisc.edu/~mbrown/441.htm](http://www.ssc.wisc.edu/~mbrown/441.htm).

## Schedule of Lecture Topics and Readings

### I. Introduction

- A. Views of Government (Ch 1) September 5
- B. Tools of Positive Analysis (Ch 2) September 10
- C. Tools of Normative Analysis (Ch 3) September 12

### II. Public Goods and Externalities

- A. Public Goods, Experimental Economics (Ch 4, supplemental material)  
September 19
- B. Externalities and Environmental Economics (Ch 5, supplemental material)  
September 24, 26

*No lecture October 3*

### III. Public Expenditures

- A. Private and Public Health Care (Ch 9-10, supplemental material) October 8, 10, 15
- B. Social Security (Ch 11) October 17

MIDTERM 1 OCTOBER 22 IN CLASS

- C. Side Issue: Deficit Finance (Ch 20 and Kotilkoff & Swan) October 24
- D. Expenditure Programs for the Poor (Ch 12-13, Wurman) October 29, 31

*Assignment of presentation groups and topics in class October 31*

IV. Cost-Benefit Analysis and Present Value Calculations (Ch 8 partial coverage) November 5

### VII. Theoretical Issues in Tax Analysis

- A. Taxation and Income Distribution (Ch 14 partial coverage) November 7
- B. Taxation and Efficiency (Ch 15 partial coverage) November 7, 12
- C. Taxation and Equity (Ch 16 partial coverage) November 12

VIII. The U.S. Tax System

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|---|-----------------|
| A. Personal Income Tax (Ch 17, Wurman)            | November 14, 19 |
| B. Corporate Tax (Ch 19 partial coverage, Wurman) | November 19     |

*November 21 Presentation group work in class*

STUDENT PRESENTATIONS NOVEMBER 26 & 28, DECEMBER 5 & 10

*Final Exam Review December 12 in class*

FINAL EXAM DECEMBER 19, 12:25 PM IN 22 INGRAHAM

*[problem set distribution and collection dates TBA]*