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TA Cassiano Machado Alves, [cassianomachadoalves2020@u.northwestern.edu](mailto:cassianomachadoalves2020@u.northwestern.edu), office hours TBA  
Class meets: Monday, Wednesday 3:30-4:50 in Tech M345.  
Office Hours: After class on Mondays & Wednesdays 4:50-6:00 in **Tech M345**,  
Tuesdays 1:15-3:15 in 3393 Kellogg Global Hub, and also at other times by appointment.  
Readings: Web notes: <https://sites.google.com/site/markwitteeconomics/home/economics-309-public-finance>  
[\*Public Finance and Public Policy\*](#), by Jonathan Gruber, 5th ed. (2016), Worth Publishers

Class Date	Lecture Topics	Partial list of readings
Mon. Jan. 7	Introduction, Market Failure, Externalities	G 1,2,5,6
Wed. Jan. 9	Public Goods, Tiebout, Political Economy	G 7, G 9
Mon. Jan. 14	Collective Choice	<a href="#">Shepsle &amp; Bonchek</a> pp. Ch. 4 & 5, <a href="#">Maskin &amp; Sen 1</a> , <a href="#">Maskin &amp; Sen 2</a> <a href="#">Ranked Choice Video</a>
Wed. Jan. 16	Tools	G 3, G 8
<b>Mon. Jan. 21</b>	<b>MLK Day - No class</b>	
Wed. Jan. 23	Taxation - Basics	G 19 ( <b>P/N Deadline Fri., Jan 25</b> )
Mon. Jan. 28	Taxation - Personal Income	G 18, <a href="#">IRS Gutted</a>
Wed. Jan. 30	Taxation - Optimal	G 20
Mon. Feb. 4	Taxation - Labor Supply	G 21
<b>Wed. Feb. 6</b>	<b>1st Test-40% of class grade</b> (Coverage up to Wed. Jan 30 <sup>th</sup> )	
Mon. Feb. 11	Taxation - Taxes on Savings	G 22
Wed. Feb. 13	Taxation - Taxes on Risk Taking & Wealth	G 23 ( <b>Drop Deadline Fri. Feb. 15</b> )
Mon. Feb. 18	Taxation - Taxes on Business Income	G 24
Wed. Feb. 20	Taxation - Consumption Taxation, Tax Reform	G 25
Mon. Feb. 25	Social Insurance - Introduction, Social Security	G 12, G 13
Wed. Feb. 27	Social Insurance - Health Insurance	G 15, 16
Mon. March 4	Social Insurance - Income Distribution & Welfare	G 17
Wed. March 6	Education & Conclusion	G 11, <a href="#">Kidder</a>
<b>Mon. March 11</b>	<b>2nd Test - 40% of class grade</b> (Coverage since Jan 30 <sup>th</sup> )	<b>Tech M345</b>
<b>Tues. March 19</b>	<b>Empirical project due 4:00 PM</b>	

Learning Objectives: What does Economics say about the role of government in society? What social choices should be left to markets? When might government interventions give better outcomes? How are such collective choices made? How should resources (tax revenues) be collected? How should they be spent? What can go wrong?

Grading	Share of Class Grade
Test 1	40%
Test 2	40%
Homework	10%
Empirical Project	10%

The following are questions that many of you will have about the class.

Q: I am not now nor have I ever taken the prerequisites. Am I in trouble in here?

A: Probably; this class uses the tools of Econ 310-1 Intermediate Microeconomics I a lot, 281 Econometrics and 310-2 Intermediate Microeconomics II some as well.

Q: What's the deal with the "Empirical Project?"

A: Instead of a final, I'm going to ask you to write an empirical project based on something you choose from what we covered in the class. Find a theoretical prediction from what we covered, find a dataset, and see if the prediction holds up or is refuted. I recommend using Stata, R, or even [XLMiner](#) in Google Sheets. My guess is that you could cover the description of your project and analysis of the results in four pages of text plus any tables you would need. It should be formatted in such a way as to avoid annoying me. You will submit it on Canvas.

Q: What is the deal with these homeworks?

A: There will be a bunch of these over the course of the quarter and they will usually follow what we did in lecture, and have some predictive value for what will be on the exams. Your first homework will be to post an interesting article relating to public finance in Piazza (in Canvas). When you post your article, don't send it to the whole class but rather only to me, and be sure to put your last name in the header so I know it's from you. When you post on Piazza about specific homework or exam questions, it's very helpful if you cut-and-paste the actual question into what you write in Piazza.

Q: What are the basic work expectations for the class?

A: I hope that you will do about two hours of study for every hour of lecture, and that you will get read the material assigned for the lecture before class (and catch up on the first lecture assigned reading too).

Q: What is your electronics communication policy?

A: **(1)** I expect you to have your preferred e-mail address entered into Canvas so that I can send messages to the class, and I expect you to check that e-mail on a daily basis. **(2)** Use Canvas's **Piazza** discussion forum (found in Canvas's "Modules") to post questions that would be of general use to your classmates. (Yes: "What does MR stand for?" No: "I got 11 points on the midterm; does that mean I'm going to flunk the class?") [Piazza is a discussion forum that allows anonymous posts. The story about [its creation](#) is pretty cool.] **(3)** Silence your cell phone for the duration of the class and put it away where you won't be tempted to look at it.

Q: Is it OK if I surf the web and watch crazy videos whenever your lectures get too boring?

A: Sorry, no. Put your phones away and no computers or tablets during lecture; take notes on paper. (I understand that some of you like to take notes on your computer. However, I take a pretty decent salary with the expectation that in return I am to teach you economics. So, the temptation to look at distractions online during class is [likely to diminish your learning in lecture](#), and worse still, people who are web surfing distract the people around them, creating a negative externality.) If this creates a great hardship for you, please come talk to me about it.

Q: What happens if I fall suddenly ill and am unable to make it to a test?

A: If you do not reach me or leave a message on my e-mail ([mwitte@northwestern.edu](mailto:mwitte@northwestern.edu)), your misfortune will be doubled. You will get a zero on the test for a grade of F that cannot be made up. Any problem that causes you to be physically unable to take a test must be carefully documented by an independent source who can confirm that you were incapacitated.

Q: Can I expect any leniency if I'm caught cheating or engaging in any unethical behavior?

A: No. Weinberg's policy is that students who are suspected of cheating are reported *immediately*. In recent years, I've sent the names of students to the dean; some were expelled and those who were not did not enjoy the experience.

Q: The lecture is running a few minutes over, what should I do?

A: Stay put and observe a rare occurrence.

Q: In studying for the tests, should I stress studying the notes, the book, or the readings?

A: All of the above, but particularly the notes. I'll make sure that I don't inflict any math problems on the exams that I haven't already given you in the homework. Note however, that not everything that is important for the class, or that I cover in lecture or the readings will make it onto the test. Some material is important for you to learn, but does not lend itself to good test questions. I'm also inclined to have you do math on homework to build that level of understanding there, and then use graphs on exam questions so as to minimize the chance of algebra mistakes causing you to miss points on something where you had a good level of understanding.

Q: I can see that half of the people in this class are harder working than I am and the other half of the students are lazier than I am. What grade will I get in here?

A: B-. You are the median or middle student. Half the class will get grades of B- or better and the other half will get grades of B- or worse. However, this doesn't hold exactly in a small class. In smaller classes, I usually end up grading by the method of "significant differences." I compute weighted points for everyone in the class. Some of you will do really well, then there will be a bit of a gap in the scores, then there will be another bunch, and then a gap in the scores, then another bunch, then, a gap, etc. The top bunch will be the A's, the next bunch the B's, etc., with the minus/plus grades falling in between. The grades on the midterms give guidance toward where you are likely to be in this distribution (where midterm points matter, but grade breaks don't). The points from the homeworks and quizzes move you up or down in that distribution.

Q: Averaging my grades, I come out very close to a higher grade. How about if you give it to me?

A: No...unless you are deserving of special consideration.

Q: Am I deserving of special consideration?

A: That depends. I may feel you deserve a higher grade than you earn on the tests if I feel that your comments in class, Piazza, and office hours improve the education of your fellow students and show you are able to and have been thinking intelligently about the material.

Q: What will the tests be like?

A: Some problem solving, some graphing, some essays. On the homeworks I'll give you examples of the sorts of problems I am apt to ask. Also, you are expected to *go to the bathroom before the exam and then hold it until the exam is over*. Interesting fact: *On the tests, we will give you points for leaving a questions blank*. On any given problem or graded sub-problem, we will give you 20% of the points if you leave the question completely blank. This is intended to remove the incentive to pursue "pity points" on questions where you really don't know what I'm asking, and instead allow you to devote your time to doing the best you can on the material you know best. Of course...you'll probably just choose to write complete and perfect answers to every question on every test, but we wanted you to have the option.

Q: What are the math requirements for this class?

A: You will need to be able to do really simple calculus, graphing, and algebra. I'll expect you to be able to use basic economic tools like present values, expected values, noncompetitive market structures, hypothesis testing, and regression analysis. I will do some more complicated math for the purposes of exposition but I will not ask you reproduce it on the exams although you should understand the underlying ideas. As a guide, I will try to preview any math or exposition you might need in the homework.

Q: When the class is over, what will I wish that I had known at its start?

A: Beyond the obvious things, in the past some students wrote on their course evaluation forms that they wish they had known my tests would be so hard. I agree that my tests tend to be a bit long and I try to make them hard. Also, I'll admit there's some reading so be careful not to fall too far behind. Now you've been warned.

Q: What is the most important thing?

A: Please be assured that I want students to learn and to receive the good grades they deserve. So please make an appointment with me should you have undue difficulty with your work in the course.

*Any student with a documented disability needing accommodations is requested to speak directly to the [Accessible NU](#) (847-467-5530) and the instructor, as early as possible in the quarter (preferably within the first two weeks of class). All discussions will remain confidential. For resources on safety and mental and physical health, please visit the [NUhelp](#) website or phone app.*