



# *The Hebrew University of Jerusalem*

## *Syllabus*

### ***BASIC CONCEPTS IN WELFARE ECONOMICS - 3109***

*Last update 06-03-2022*

*HU Credits:* 2

*Degree/Cycle:* 1st degree (Bachelor)

*Responsible Department:* Social Work

*Academic year:* 0

*Semester:* 2nd Semester

*Teaching Languages:* Hebrew

*Campus:* Mt. Scopus

*Course/Module Coordinator:* Prof. Aviad Tur-Sinai

*Coordinator Email:* [aviad.tursinai@mail.huji.ac.il](mailto:aviad.tursinai@mail.huji.ac.il)

*Coordinator Office Hours:* By appointment

*Teaching Staff:*

Course/Module description:

The purpose of the course in Welfare Economics and the Economics of the Public Sector is to clarify the basic concepts of the subject matter. We discuss the relevant topics of Micro- and Macro-economics with a special emphasis on questions of economic decision making that does not sufficiently take into account externalities, i.e. consequences of economic actions that cause costs or benefits to the society that are not sufficiently accounted for by consumers and enterprises. The course emphasizes issues concerning income distribution, poverty and inequality in opportunities and outcomes in order to give the students an improved understanding of the goals and tools for social policy. The discussion of examples is mainly based on the evidence from Israeli economic and social reality and policy making.

Course/Module aims:

In the first part of the course we will learn about key basic concepts in economics and public economics: the relationship between the issue of economic scarcity and resource allocations, absolute advantage, relative advantage, production function, factors of production, demand and supply, equilibrium and inequality, sophisticated competition and various ways the government can intervene.

In the second part of the course we will discuss the subject of public economics and welfare economics, and we will examine the socio-economic reasons for the supply of goods and services by the government in an economy where there are functioning equals. We will examine the economic resources available to the government and the economic principles required for the activity and allocation of public resources, while describing the macroeconomic environment. We will discuss cases where the market economy fails to allocate resources efficiently in the economy and we will present the ways to deal with market failures, whether by the government or by other entities. We will also discuss market failures (and government failures) that make it difficult for the market to function effectively, and deal with public products, external influences and the government's ability to advance public policy goals. In this context we will discuss the basic concepts of justice and their translation into the outline of socio-economic policy.

In the third part of the course we will ask how the budgetary "cake" is divided and we will examine the connection of this issue to reducing the extent of economic inequality and the rate of poverty in society.

Learning outcomes - On successful completion of this module, students should be able to:

Understand basic concepts in economics, understand the budgetary resources available to the government and promote socio-economic policy, and will be able to understand fundamental issues in relation to poverty and economic inequality.

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Attendance requirements(%):

100

*Teaching arrangement and method of instruction: Class lectures, discussions and active reading, two exercises, final exam.*

Course/Module Content:

*A. Basic concepts in economics: the relationship between the issue of economic scarcity and allocations of resources, absolute advantage, relative advantage, production function, factors of production, demand and supply, equilibrium and inequality, sophisticated competition and various ways in which the government can intervene.*

*B. Public sector economics: financing of public activities (taxation, expenditure and deficit / surplus, debt, assets), external and negative effects, market failures and government role - justification of public sector existence, government intervention (taxes, allowances, subsidies or subsidies, regulation).*

*C. Socio-economic policy and social security: Government budget, government expenditure - security, health, education, social security and more, social security, poverty, inequality, polarization, minimum living, ways to reduce social disparities.*

Required Reading:

*1. The National Insurance Institute, Report on Poverty Indices and Social Disparities, last year.*

*2. The National Insurance Institute, Annual Review, last year.*

Additional Reading Material:

*1. Oron, J., Mark, N. and Ofer, G. (1998). Introduction to Microeconomics (Second Edition). Tel Aviv: Amichai Publishing.*

*2.OECD (2019). Society at a Glance, OECD Publishing, Paris.*

Course/Module evaluation:

*End of year written/oral examination 80 %*

*Presentation 0 %*

*Participation in Tutorials 0 %*

*Project work 0 %*

*Assignments 20 %*

*Reports 0 %*

*Research project 0 %*

*Quizzes 0 %*

*Other 0 %*

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*Additional information:*

*The exercises will be posted on the course website.  
The exercises are mandatory.*