

The Hebrew University of Jerusalem

Syllabus

WELFARE THEORY - 71742

Last update 02-09-2018

HU Credits: 4

<u>Degree/Cycle:</u> 1st degree (Bachelor)

Responsible Department: Environmental Economics & Management

Academic year: 0

Semester: 1st Semester

<u>Teaching Languages:</u> Hebrew

Campus: Rehovot

Course/Module Coordinator: Professor Israel Finkelshtain

Coordinator Email: finkelsh@huji.ac.il

Coordinator Office Hours: Sunday 14:00-16:00

Teaching Staff:

Prof Israel Finkelshtain

Course/Module description:

Pareto efficiency, fairness vs. efficiency, the first and second welfare theorems, the impossibility theorem, general equilibrium in exchange economy and with productive sector, bargaining, government intervention and regulations, market failures, externalities and public goods.

Course/Module aims:

Providing the ability to analyze the effectiveness of alternative trading mechanisms.

Understanding the concept of market failures and alternativities to correct them. Imparting knowledge needed for assessing the effectiveness of government intervention in markets

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

Analyze the effectiveness of alternative trading mechanisms. diagnose of market failures and suggest alternatives for correcting them. Evaluate the effectiveness of government intervention in markets

Attendance requirements(%):

none

Teaching arrangement and method of instruction: lectures and exercises

Course/Module Content:

Week 1: Pareto principle, efficiency and equality in barter, Edgeworth box curve benefit options.

Week 2: economic efficiency of production: homogeneous products, heterogeneous products, value curve.

Week 3: an integrated economic efficiency, coordination between production and book curve of possible bennefits

Week 4: Arrow Law and social welfare function, additional issues: the principle of compensation ,jealousy, justice .

Week 5: Equilibrium (general) economy competitive rates.

Week 6: Competitive equilibrium in simple economies with production: lonley island Economy, farm economy.

Week 7: elementary justice theories of welfare.

Week 8: Additional allocation mechanisms: bargaining, allocation arrangements Week 9: Taxonomy, government intervention: taxes, subsidies, quotas, regulation of dairy and water.

Week 10:imperfiect competition - plain and discriminating monopoly , monopsony , minimum wage agreements , cartels , mergers, antitrust laws and the agricultural sector.

Week 11: Introduction and Taxonomy, advantages of big monopolies, natural monopolies and regulation of electricity and water sector.

Week 12: positive and negative external influences in consumption and production, regulation and tax facilities.

Week 13: Shared Resources and the regulation tu use them. grasslands, reservoirs, Transport.

Week 14: public products, the supply mechanisms and allocation of costs.

<u>Required Reading:</u>

lectures

Additional Reading Material:

1. מועלם יוסי "תורת המחירים: תחרות לא משוכללת ושיווי משקל כללי", הוצאת אקדמון.

2. שישינסקי איתן ושותפים "תורת המחירים" הוצאת אקדמון.

3. שישינסקי איתן "מימון ציבורי" הוצאת אקדמון.

Course/Module evaluation:

End of year written/oral examination 60 %
Presentation 0 %
Participation in Tutorials 0 %
Project work 0 %
Assignments 40 %
Reports 0 %
Research project 0 %
Quizzes 0 %
Other 0 %

<u>Additional information:</u>

None