

# Enquire Teaching Timetable

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## Course Outcome

### ECON 4430 - Welfare Economics

#### Learning Outcome

1. Understand why and when public policies are required to enhance the efficiency of an economy.
2. Understand why sometimes piece-meal policy reforms are not beneficial and a holistic perspective is needed for policy.
3. Understand the difficulties in formulating a collective decision on a rational basis while individuals' opinions are respected.
4. Understand the basic methods and constraints of using consumer surplus to assess the costs and benefits of policies or public projects.

#### Course Syllabus

1. Welfare economics and welfare
2. Theory of individual choice
3. Welfare criteria
4. Theory of social choice
5. Fundamental welfare theorems
6. Theories of market failure
7. Theory of the second best
8. Marshallian consumer surplus
9. Equivalent and compensating variations

#### Assessment Type

	Assessment Type	Current Percent
1	Essay test or exam	56
2	Short answer test or exam	44

#### Feedback for Evaluation

Course and teaching evaluation at end of course  
 Informal feedback channels throughout the course (face-to-face, email, WebCT)  
 Departmental Retreat  
 Programme Review

#### Required Readings

Ng, Yew-Kwang (2004), *Welfare Economics: Towards a More Complete Analysis*, Macmillian.

#### Recommended Readings

1. Alchian, Armen A. (1953), The Meaning of Utility Measurement, *American Economic Review*, 43(1): 26-50.
2. Arrow, Kenneth J. (1950), A Difficulty in the Concept of Social Welfare. *Journal of Political Economy*, Vol.58, No.4 (Aug.), pp.328-346.
3. Baumol, WJ (1986). "The public-good attribute as independent justification for subsidy," in *Microtheory: Applications and origins*, Brighton,

Sussex: Wheatsheaf Books.

4. Boadway, R.W., and Bruce, N. (1984), *Welfare Economics*, Basil Blackwell.
5. Buchanan, J. M. and W. C. Stubblebine (1962). "Externality." *Economica*, 29 (116), pp. 371-384.
6. Copeland, T.E.; and Weston, J.F. (1992), Chapter 4, *Financial Theory and Corporate Policy* (3rd edition), Addison-Wesley Publishing, United States.
7. Feldman, A.M; and Serrano, R. (2008), Arrow's Impossibility Theorem: Two Simple Single-Profile Versions, *Harvard College Mathematics Review*, 2(2): 46-57.
8. Green, John H.A. (1978), Chapter 13, *Consumer Theory*, Academic Press: New York.
9. Johansson, Per-Olov (1991), *An Introduction to Modern Welfare Economics*, Cambridge University Press, Cambridge.
10. Just, R.E; Hueth, D.L; Schmitz, A. (2004), *The Welfare Economics of Public Policy: A Practical Approach to Project and Policy Evaluation*, Edward Elgar.
11. Lipsey, R.G., and Lancaster, K. (1956-57), The general theory of second best, *Review of Economic Studies*, 24(1): 11-32.
12. MasColell, A.; Whinston, M.D.; and Green, J. (1995), Chapters 1 & 6, *Microeconomic Theory*, Oxford University Press, New York.
13. Mishan, Ezra (1969), *The Costs of Economic Growth*, London: Weldenfeld & Nicolson.
14. Mueller, Dennis C., *Public Choice II/III*, Cambridge University Press, Cambridge.
15. Ng, Yew-Kwang (1972), Value Judgments and Economists' Role in Policy Recommendation, *The Economic Journal*, Vol. 82, No. 327, pp. 1014-1018.
16. Ng, Yew-Kwang (1997), A Case for Happiness, Cardinalism, and Interpersonal Comparability, *The Economic Journal*, Vol. 107, No. 445, pp. 1848-1858.
17. Pindyck and Rubinfeld (2009), Chapter 3 and 5, *Basic Microeconomics* (7th edition), Pearson Educational International.
18. Rothenberg, Jerome (1961), *The Measurement of Social Welfare*, Prentice-Hall, Englewood Cliffs. N.J.
19. Sandmo, Agnar (2008), Public goods, in *The New Palgrave Dictionary of Economics*, 2nd edition.
20. Scitovsky, Tibor (1951), The State of Welfare Economics, *The American Economic Review*, Vol. 41, No. 3. pp. 303-315.
21. Sen, Amartya (1970), *Collective Choice and Social Welfare*. Holden-Day Inc.
22. Sen, Amartya (1970), The Impossibility of a Paretian Liberal. *Journal of Political Economy*, Vol.78, No.1 (Jan.-Feb.), pp.152-157.
23. Sen, Amartya (1979), Interpersonal Comparison of Welfare, in *Choice, Welfare and Measurement*, Harvard University.
24. Sen, Amartya (1986), *Social Choice Theory* (Chapter 22), in *Handbook of Mathematical Economics*, vol. III, edited by K.J Arrow and M.D. Intriligator. Elsevier Science Publishers B.V. (North-Holland).
25. Varian, Hal, Chapters 4, 8, and 12, *Intermediate Microeconomics*, W.W. Norton.
26. Vickrey, William (1960), Utility, Strategy, and Social Decision Rules. *Quarterly Journal of Economics*, Vol.64, No.4 (Nov.), pp.507-535.