Econ 4960: Topics in Economics: Welfare Economics

Spring Semester 2002

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Office Hours: Tuesdays, 12:30–2:00 & by appointment

COURSE OUTLINE

TEXT

SUPPLEMENTARY TEXTS

LEGEND:

A Articles *On reserve in Wilson Library
B Books †Textbook ‡Supplementary text
C Collective works §Handout ¶In packet

COURSE REQUIREMENTS

There will be a series of take-home exercises throughout the course; these are designed to help learning the material, and are the principal instrument for evaluating the students’ progress in absorbing the material. These will include a take-home midterm and a take-home final exam. There will also be a brief (c. 10-page) essay on some particular topic of the course, to be chosen by the student with the approval of the instructor.

1 Competitive equilibrium and Pareto optimality: the fundamental theorems of welfare economics

Basic reading: Feldman (†B-1980, Ch. 1–4); Layard & Walters (*B-1978, 3–29). Dasgupta & Heal (†B-1979, Ch. 2); Koopmans (*B-1975, Ch. 1); Chipman (§“The Fundamental Theorems of Welfare Economics.”)

Supplementary reading: Samuelson (*B-1947, Ch. VIII), Bator (A-1957).
2 Indicators of welfare improvement; the compensation principle, the Kaldor-Hicks-Samuelson criterion, and the interpretation of national-income comparisons

Basic reading: Feldman (†B-1980, Ch. 7); Layard & Walters (*B-1978, 29–42); Kaldor (A-1939), Scitovsky (A-1941), Samuelson (A-1950), all in Arrow & Scitovsky (*C-1969); Chipman & Moore (¶A-1978).


3 Measurement of the cost of living


4 Comparative welfare measurement and measurement of inequality


Supplementary reading: Dalton (B-1925), Atkinson (B-1975), Pen (B-1971), Cowell (B-1977); Lorenz (A-1905); Chipman (A-1982), in Feiwel (C-1982); Champernowne & Cowell (1998).

5 Externalities and market failure


6 The Coase theorem; markets for externalities


7 Public goods and optimal government expenditure


8 Optimal tax systems; the use of consumer’s surplus


Supplementary reading: Dupuit (A-1952), in Arrow & Scitovsky (*C-1989); Ramsey (A-1927); Mirrlees (A-1971); Mirrlees (A-1974), in Balch et al. (C-1974); Marshall (B-1920).

9 The economics of renewable, exhaustible, and common-property resources


10 Welfare economics under uncertainty: the welfare economics of insurance and medical care


11 Intertemporal welfare economics; cost-benefit analysis, the value of human life, and the social rate of discount; the burden of the public debt


12 Environmental preservation
