

Welfare Policies (MA)

Winter 2021

Lecturer: Ana B. Ania <ana-begona.ania-martinez@univie.ac.at>

Lectures: Mondays and Fridays at 9.45-11.15 online.

Registration: Deregistration without further notice is possible via u:space until 15 October 2021. After that date and for any other questions regarding registration, please contact <elisabeth.polster@univie.ac.at>.

ECTS points: 8 ECTS in the Applied Economics Master and in the Master of Philosophy and Economics.

Aims: Welfare economics proposes methods of providing a social ranking of different ways of allocating resources based on explicitly stated value judgements. The present course covers topics in welfare economic theory and the applied tool kit used to make and evaluate public policy. The aim of the course is therefore twofold. On the one hand, we want to understand the basic challenges associated with moving beyond the Pareto criterion and reconciling individual and collective interests. We look at the common theoretical framework that allows us to understand how different ethical premises (like utilitarianism, or Rawlsian max-min principle) solve this conflict. On the other hand, we want to review some of the practical tools that have been used to guide policy decisions based on welfare aspects.

Content: Social choice and Arrow's impossibility theorem; measurability and comparability justifications for a Rawlsian, utilitarian or flexible social welfare function; strategyproofness and the Gibbard-Satterthwaite theorem; basic controversies in applied welfare economics (Marshall, Kaldor, Hicks, Scitovsky, Samuelson); equity, fairness, and envy; welfare measurement (consumers' and producers' surplus, Hicks' compensation and equivalent variations, willingness to pay, aggregation, cost-benefit analysis).

Method: The news forum of the Moodle course provides regular information on the current learning goals and the development of the course. All materials, such as commented beamer presentations and solved problems, are made available on the platform. Course participants prepare and present some of the topics regularly in the online sessions. In a final exam, students are expected to show integrated knowledge of the contents and materials presented in class and made available in the course platform.

Grading: The final grade will be based on regular participation in class, forum discussions, and other Moodle activities (30%), class presentations (30%), and final exam on January 31st, 2022 (40%). Students are encouraged to take personal contact to the lecturer in online office hours and may also be requested to participate in a personal interview to discuss their progress in the course. For a minimum passing grade students must satisfactorily complete all three assessment aspects (regular participation, presentations and final exam) and attain at least 50% of total points.

Textbooks:

- Robin Boadway and Neil Bruce, *Welfare Economics*, Blackwell, 1984.
- Allan M. Feldman and Roberto Serrano, *Welfare Economics and Social Choice Theory*, Springer, 2006.
- Geoffrey A. Jehle and Philip J. Reny, *Advanced Microeconomic Theory*, Pearson, 3rd. edition, 2011.
- Per-Olov Johansson, *An Introduction to Modern Welfare Economics*, Cambridge University Press, 1991.
- Richard E. Just, Darrell L. Hueth, and Andrew Schmitz, *The Welfare Economics of Public Policy*, Edward Elgar, 2004.
- Joseph Stiglitz, *Economics of the Public Sector*, W.W. Norton, 2000.

Materials: Class materials will be available in the moodle site for this course.

<https://moodle.univie.ac.at/course/view.php?id=272159>