COURSE CONTENT

Course Coordinator   Yeo Xiong Wei, Jonathan
Course Code   HE3001
Course Title   Microeconomics III
Pre-requisites   HE2001 Microeconomics II
No of AUs   3
Contact Hours   39 hours (2 hours lecture, 1 hour tutorial per week)

Course Aims

The course examines the microeconomics and welfare foundation of public economic policy. The course begins with an introduction of basic concepts such as Pareto optimality, social choice, externality and second best. Then, we will discuss the appropriate ultimate objectives in public policy, the attainment and impediments to Pareto optimality, ways to solve the paradox of social choice, incentive compatibility in preference revelation for public goods, the dilemma of second best, the tradeoff between efficiency and equality and the optimal level of public spending; while taking into account related issues like environmental quality, relative income effects, and recent results in happiness studies.

Intended Learning Outcomes (ILO)

By the end of this course, you (as a student) would be able to:
1. describe the microeconomics and welfare foundation of public economic policy.
2. analyse the social welfare and/or efficiency implications of different policy options for a given microeconomic issue of public policy relevance.
3. recognise the possible costs and benefits of alternative policy options.
4. evaluate alternative policy options in terms of their likely contributions to efficiency and social welfare.
5. participate in microeconomic policy discussion both on conceptual issues and in practical issues in the real economy.

Course Content
1. Introduction: Preference versus welfare
2. Pareto optimality of competitive equilibrium
3. Social choice
4. Income distribution
5. External effects, environmental protection and sustainable development
6. Public goods and the optimal size of public spending
7. Theories of second and third best
8. From preference to happiness

Assessment (includes both continuous and summative assessment)

Continuous Assessment : <u>100%</u>

<div align="center">Total   <u>100%</u></div>

Reading and References

Principal: Ng, Yew-Kwang (2004). *Welfare Economics: Towards a More Complete Analysis*, Macmillan/Palgrave. NTU library: BUSL (Block N2, B2B-07) - HB99.3.N576W

Supplementary:

Ng, Y.-K. (2000). *Efficiency, Equality, and Public Policy: With a Case for Higher Public Spending.* London: Macmillan*.*

Course Instructors

Instructor	Office Location	Email
Yeo Xiong Wei, Jonathan	SHHK 04-63	jonathanyeo@ntu.edu.sg

Planned Weekly Schedule

Teaching Week	Topic	Course LO	Readings/ Activities
Week 1	Introduction	1	Principle text, ch.1; Ng, 1972, 1999.
Weeks 2-3	Pareto optimality	1	Principle text, ch.2; Ng 2015a.
Week 4-5	Social choice	1	Principle text, ch.5; Kemp & Ng 1976; Ng 1971.
Week 6	Income distribution	1	Principle text, ch.6; Ng 2015b, 2016.
Week 7	External effects, environmental protection and sustainable development	1-3	Principle text, ch.7; Ng 2007, 2008, 2016.
Recess Week			
Week 8	External effects, environmental protection and sustainable development	1-3	Principle text, ch.7; Ng 2007, 2008, 2016.
Week 9	Public goods and the optimal size of public spending	1-3	Principle text, ch.8; Kaplow 1996, Ng 2000.
Week 10-11	Theories of second and third best	1-4	Principle text, ch.9; Lipsey 2017, Ng 2017.
Week 12	From preference to happiness	1-5	Principle text, ch.11; Ng 2003, 2013.
Week 13	Revision	1-5	