REQUIRED TEXT:

RECOMMENDED TEXTS:


ANSWERS TO EXAMPLES are on reserve at the Norlin Library.

**11, 18 Jan: FUNDAMENTAL WELFARE THEOREMS**

*General:*
Handout: Fundamental welfare theorems.
Starrett, Chap. 3.
Varian, Sections 17.6, 17.7, 17.8, 17.9, 18.6, 18.7, 18.8.
*Example: "Fundamental theorems."

**23, 25 Jan: PUBLIC GOODS: EFFICIENT PROVISION**

*General:*
Starrett, Chap. 4.1 and 4.2.
Varian, Sections 23.1, 23.4.

*First-best:*
*Example: Efficient public good provision.

*Second-best:*


**30 Jan, 1 Feb: PRIVATE PROVISION OF A PUBLIC GOOD**

*General:*
Varian, Section 23.5.

*Experiment:*

*Non-rival and non-excludable:*
*Example: "Laissez-faire provision of public goods," "Public goods."

*Non-rival and excludable:*
*Example: "Private provision of public goods."

**6, 8, 13, 15 Feb: COST-BENEFIT ANALYSIS**

*General:*
Starrett, Chap. 9 and 10.
Varian, H.R., Section 22.1, 22.2.

**20 Feb: CONSUMPTION EXTERNALITIES**

*General:*
Starret, Section 5.1, 5.2.
Varian, Section 22.4.
Empirical application:

*Quantity effects:*

22 Feb, 1, 6 March: PRODUCTION EXTERNALITIES

*General:*
Varian, Sections 24.1, 24.2.
Example: "Production externalities."

*Property rights and bargaining:*

*Experiment:*

*Short-run and long-run effects:*
*Examples: "Externalities- firm number."

*Quantity effects:*

*Quantity regulation with uncertainty:*
*Example: "Quantity or price control?"
8 March: INTRODUCTION TO DEMAND REVEALING MECHANISMS:

**General:**
Starrett, Chaps. 5.1 and 5.2.
Varian, Section 23.7.

**Lindahl pricing:**
*Example: "Lindahl equilibrium."

**Quantity iteration:**
*Example: "Marshallian planner for public goods."

13, 15 March: DEMAND REVEALING SYSTEMS

**General:**
Starrett, Chaps. 5.5, 16.3 and 16.4.
Varian, Sections 23.8, 23.9.

**Budget balance:**

**Experiment:**

20, 22 March: CLUBS

**General:**
Starrett, Sections 4.3, 4.4, 4.5, 4.6,


*Examples: "Clubs with membership congestion," and "Club goods with use congestion."

3, 5, 10 April: LOCAL PUBLIC GOVERNMENT

General:
Starrett, Sections 5.3, 5.4, 11.1, 11.2 and 11.3.

Basic model:


Empirical:


Regional aid:

*Example: "Regional policy."

Zoning:


*Example: "Tiebout model and zoning," and "Zoning by income."

Full model:
Land rents:

Redistribution:

12, 17 April: GOVERNMENT DECISION-MAKING

General:

Impossibility theorem:

Voting:

Other:

19, 24 April: INCOMPLETE INFORMATION - MORAL HAZARD.

General:
*Examples: " Moral hazard - insurance."
**Pensions:**

**Wage structures:**
*Example: "Moral hazard - compensation."

**26 April, 1 May: INCOMPLETE INFORMATION - ADVERSE SELECTION.**

*Examples: Adverse selection, Adverse selection in the labor market, Adverse selection - airline queues, and Annuity market.

**General:**

**Insurance:**
*Example: "Adverse selection."

**Non-existence of product equilibrium:**

**Signalling:**

**Transfer policy:**