Microeconomics - Public Economics

ECTS : 3

Enseignant responsable : Sophie MERITET (https://dauphine.psl.eu/recherche/cvtheque/meritet-sophie)

Langue du cours : Français

Volume horaire : 18

Description du contenu de l'enseignement :

The course aims at providing an explanation / exploration of the fundamental microeconomics theories, with a specific focus on the role of market inefficiencies and the different solutions emphasised by the theories to resolve them. Following a first chapter of consolidation of what has been taught during the end of the first year of a degree course (pure and perfect competitive framework, the existence of a general equilibrium, its pareto-efficiency leading to the first theorem of welfare economics) this course will mainly focus on market inefficiencies and will cover in detail the theory of externality and the theory of public goods.

Compétences à acquérir :

By the end of this module, students will have demonstrated:**Knowledge**1. An ability to understand how a partial equilibrium could be achieved in a decentralised economy and how public intervention could affect (or not) this equilibrium and impact surpluses of economic agents.2. An ability to analyse the mechanism by which a general equilibrium could be achieved (in an economy with or without production) and to assess its pareto optimality.3. An ability to understand the first and second fundamental theorem of welfare and their limits.4. An ability to describe how game theory (and more specifically the Nash equilibrium) could be used to reconsider the theorems of welfare.5. An ability to define the concept of externality, to understand how it generates some inefficiency in a decentralised economy and to explore the different sollutions to resolve this market inefficiency (internalisation, public intervention (Pigou), redefinition of property rights (Coase theorem)).6. An ability to define the concept of public goods, to understand the condition of optimality for the production of this type of goods (i.e Bowen Lindahl Samuelson condition), to understand how its production generates some inefficiency in a decentralised economy and to explore the different sollutions-procedures to resolve this market inefficiency (public intervention through majority decision (Bowen vote), individualised taxation etc.). **Skills**7. An ability to determine mathematically and graphically (1) a partial equilibrium (2) surpluses (or change in surpluses) of each economic agents and (3) deadweight-losses and how they evolve due to state intervention in a context of pure and perfect competition. 8. An ability (1) to compute mathematically, (2) represent graphically a general equilibrium (with or without production), and to demonstrate whether this equilibrium is pareto optimal or not.

Coefficient : 0.50