



APPLIES TO ACADEMIC YEAR
2002/2003

SØK 9711 Public Economics

Program

Chartered Accountant Program, The Associate Degree Program in Business Administration

Responsible for the course

Dag Morten Dalen, Erik Grønn

Department

Economics

Term

Spring

ECTS Credits

6

Objective

The purpose of the course is to develop an understanding for why we have a public sector in an economy such as the Norwegian one. The course will start with a brief description of what the public sector in Norway in fact does - how big it is and what tasks it undertakes. Then there will be a careful evaluation of normative issues, e.g. how large should the public sector be and for which tasks is the public sector particularly well suited? The starting point for a justification of public interventions in an economy is various forms of market imperfections, like externalities, public goods, imperfect information and natural monopoly. The course will also introduce some basic ethical issues and try to prepare the ground for a discussion around the trade-offs between efficiency and distributional concerns. More specialized topics addressed in this course include an understanding of the workings of a market economy, privatization, environmental economics, economics of taxation and cost-benefit analysis.

Prerequisites

The foundation program in Business Administration and SØK 9354 Microeconomics or the equivalent.

Compulsory literature

Grønn, Erik. 1999. *Forelesninger i Offentlig økonomi*. Oslo: Cappelen Akademisk Forlag.
(Selected parts)

Recommended literature

Grønn, Erik og Terje Synnøve. 2002. *Offentlig økonomi: Artikler og øvingsoppgaver med løsningsforslag*. Stølen Media AS

Course outline

1. About the public sector in general
2. The optimality-properties of the model of perfect competition
3. Market failure (Externalities, Public goods, Imperfect Information, Natural monopoly etc.)
4. Can public interventions replace the market (Market failure vs. Governmental failure)?
5. Taxation economics
6. Cost-benefit analysis
7. Environmental economics

Computer-based tools

Computer-based tools are not used in this course.

Course structure

42 hour in class, including exercises.

Evaluation

A three-hour written examination concludes the course.

Evaluation code(s)

SØK 97111 - written exam, which accounts for 100% of the grade in SØK 9711, 2 credits.

Aids at the examination

No aids permitted

Makeup exam

A makeup exam is held in every term.