



APPLIES TO ACADEMIC YEAR 2007/2008

## SØK 2702 Price theory

### Program

Bachelor in Entrepreneurship (2. year), Bachelor in International Marketing (2. year), Bachelor in Marketing (2. year)

### Responsible for the course

Christian Riis

### Department

Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

Norwegian

### Objective

The main purpose of this course is to teach students the basic principles of market mechanism and price formations in markets. The students will learn the economic principles behind exchange and transactions, price formations under supply and demand, implications of competition and market forces, price formations under different market mechanism, in addition to the benefit function in the market.

### Prerequisites

None.

### Compulsory literature

#### Books:

Frank, Robert H. og Ben S. Bernanke. 2007. Principles of microeconomics. 3rd. ed. Boston : McGraw Hill/ Irwin

### Recommended literature

#### Other:

Ingen

### Course outline

Part 1 Introduction

- Introduction to price management

Part 2 Microeconomic principles for price decisions

- Thinking Like an Economist
- Supply and Demand: An Introduction
- Comparative Advantage: The Basis for Exchange
- Price in international markets

Part 3 Managers price decisions

- Elasticity
- Demand: The Benefit Side of the Market
- Perfectly Competitive Supply: The Cost Side of the Market
- Efficiency and Exchange
- The Quest for Profit and the Invisible Hand

Part 4 Market Imperfections

- Monopoly and Other Forms of Imperfect Competition
- Thinking Strategically
- The Economics of Information

**Computer-based tools**

Computer-based tools are not used in this course.

**Course structure**

The course is based on 36 teaching hours.

**Evaluation**

- 1) One-hour individual written midterm exam, graded passed/failed. The exam will be based on a case that is distributed one week before midterm exam. The students are encouraged to work with this case individually og in groups.
- 2) A three-hour individual written exam concludes the course at the end of the semester.

**Evaluation code(s)**

SØK 27021 - Written exam (midterm exam), graded passed/failed, in SØK 2702 Price theory, 6 ECTS credits

SØK 27022 Written exam which accounts for 100% of the grade in SØK 2702 Price theory, 6 ECTS credits.

**Aids at the examination**

All aids are allowed at the one-hour midterm exam

Advanced calculator are allowed at the final written exam.

Aids at the written examinations are explained under exam information in our web-based student handbook. Please note use of calculator. <http://www.bi.no/studenthandbook>.

**Makeup exam**

A re-sit is held in connection with the next regular exam, normally after one year.