APPLIES TO ACADEMIC YEAR 2014/2015

ELE 3742 Market, crises and environment

Programme
Elective

Responsible for the course
Atle Raa

Department
Department of Innovation and Economic Organisation

Term
According to study plan

ECTS Credits
7,5

Language of instruction
Norwegian

Introduction
The course addresses key themes and recurring issues in economic organization over the past 250 years. The starting point is Adam Smith's view of the market economy in his groundbreaking work The Wealth of Nations, published in 1776. Then will be presented what later economists have said about the same topic. The course's pervasive theme is the market economy's opportunities and problems related to business, government and the individual's role and behavior in society. Modern economic theory that also explain the functions of the markets from information conditions and psychological factors are also taken up. How one can handle financial crises, environmental and resource challenges and unequal income distribution issues in a market economy will be also discussed in reation to the ideas that are presented in the course.

Learning outcome
Acquired knowledge
After completed course students should have:
- Obtained kowledge of what are the basic mechanisms of a market economy, as Smith described it.
- Become aware of the assumptions that lay behind Smith's model
- Acquired knowledge of the consequences of different production and consumer conditions for how a market economy works
- Acquired knowledge of the factors that can influence a market economy over time, especially the impact of new technology and other changes in production conditions, and income conditions and consumer habits
- Gained further knowledge of what should be the role of government in a market economy, including the hoe the resource and environmental challenges can be met in the best possible way.
- Learned about the role of information and communication for the market economy, including the effects of asymmetric information in markets.
- Learn about the assumptions about behavior behind our actions in the markets, including full and limited rationality and the role of economic and social incentives play.

Acquired skills
After completed course students should be able to:
- Assess and discuss the market economy's strengths and weaknesses as seen from the point of wiev of different interests in society.
- Able to see the current economic problems and proposals and how these can be handled according to economic theory.

Developed reflection
- develop greater awareness of the importance of economic institutions, economic organization and economic behavior of the public sector, business and other organizations and individuals in the society.
- develop the ability to utilize theory and practical knowledge in combination in order to reflect on what are the consequences for society, business and individuals of various forms of economic organization and human behavior in markets.

Prerequisites

Compulsory reading
Books:
Sandmo, Agnar. 2006. Samfunnsøkonomi : en idéhistorie. Universitetsforlaget

Collection of articles:

Atle Raa. 2012. Artikkelsamling til Marked, kriser og miljø. Handelshøyskolen BI. (Oversikt over artikler som inngår i artikkelsamlingen vil bli publisert på Its learning - og kan lastes ned elektronisk)

Recommended reading

Course outline
1. Adam Smith. Invisible hand and the free market.
2. David Ricardo, free trade, comparative advantage and protectionism
3 Alfred Marshall and the neoclassical theory of perfect competition
4. Thorstein Veblen and the critique of neoclassical theory
5. Joan Robinson and the theory of imperfect competition
6. John Maynard Keynes' views on why crises occur. Paul Krugman and nykeynesianismen.
7. Karl Marx and Joseph Schumpeter's view of why crises occur.
8. Alfred Pigou and recent environmental economists.
9. Friedrich Hayek, Milton Friedman and the market-friendly economists in the postwar period
10. Joseph Stiglitz, George Akerlof et al. the consequence of the lack of information in the markets.
11. Robert Shiller and otjers on the cause of the financial crisis in 2008.
12. Summary and synthesis of course content. Exam Preparation

Computer-based tools
No specified computer-based tools are required.

Learning process and workload
The course will be conducted through a combination of lectures and group exercises, and guidance in this regard.

Recommended workload for students:

Activity	**Hours**
Participation in lectures	36
Preparation for lecture / reading literature	50
Self-study and study groups	110
Three hour written examination	4
Recommended use of a total of	**200**

E-learning
The e-learning platform It's learning is used by the e-learning centre to administrate the mandatory exercises, and make students able to communicate with each other ant the Lecturer. Module sessions are carried out at the beginning of the semester and before exams. The e-learning students are also offered a study guide which is an educational guide to the syllabus.

Recommended workload for students:

Activity	**Hours**
Participation in lectures	8
Preparation for lecture / reading literature	12
Work with curriculum material, submitting assignments and tasks / activities on It's Learning *	176
Three hour written examination	4
Recommended use of a total of	**200**

* Review of assignments takes place via It's Learning

Use of hours

Examination
A four (4) hour written examiniation concludes the course.

Examination code(s)
ELE 37421- Written examination, counts 100 % to obtain final grade in ELE 3742 Market, crises and environment 7,5 credits.

Examination support materials
No support materials are allowed.

Re-sit examination
Re-sit examiniation is offered at next scheduled course.

Additional information