



APPLIES TO ACADEMIC YEAR 2016/2017

ELE 3742 Market, crises and environment

Programme

Elective

Responsible for the course

Atle Andreassen Raa

Department

Department of Law

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 relation to the ideas that are presented in the course.

Learning outcome

Acquired knowledge

After completed course students should have:

- Obtained knowledge 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 view of different interests in society.
- Able to see the current economic problems and proposals and how these can be handled according to economic theory.

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:

Pressman, Steven. 2014. *Fifty major economists*. 3rd ed. Routledge

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, Leon Walras and Vilfredo Pareto: the neoclassical theory of perfect competition
4. Thorstein Veblen and John K Galbraith. The critique of neoclassical theory
5. Joan Robinson and the theory of imperfect competition
6. John Maynard Keynes' theory on crises and unemployment. Paul Krugman and The New Keynesian theory
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 and George Akerlof. The consequence of the lack of information in the markets.
11. Robert Shiller and Hyman Minsky .The cause of the financial crisis in 2008.
12. Daniel Kahneman. Bounded rationality.

Computer-based tools

No specified computer-based tools are required.

Learning process and workload

The course will be conducted with a combination of 2 sessions á 6 hours, group projects, as well as guidance. In addition, there will be teaching on Itslearning where it will be online learning resources across all BI campuses.

The students will during the course work with practical / empirical issues and analyze them using theories and models of curriculum. There will be online activities and participation in online discussions.

As a means to promote motivation and learning teaching will be based on electronic folders and participation in the course. The exact date and exam for submissions / publications announced at course start.

Recommended workload for students:

Activity	Hours
Attendance at sessions	12
Preparation for lectures / reading literature	75
Self-study and group assignments	75
Portfolio Submission	38
Recommended workload total	200

Use of hours

Examination

Grade in the course is based on portfolio assessment. On Itslearning students develop a systematic set of assignments that show effort, process, progress, and reflection. At the end of the semester assignments from the portfolio must be printed and delivered for final grading. The final submission should include the following elements:

- Assignment I
- Assignment II
- Assignment III

Final submission can be done individually or in groups of up to three students. The submission shall not exceed 25 pages.

Examination code(s)

ELE 37422 - Portfolio assesment, counts 100 % to obtain final grade in the course ELE 3742 Market, crises and environment - 7.5 credits.

Examination support materials

All support materials are allowed.

Re-sit examination

For electives re-sit is normally offered at the next scheduled course. If an elective is discontinued or is not initiated in the semester it is offered, re-sit will be offered in the electives ordinary semester.

Last resit for ELE 37421- Individual written exam, 100 % is offered last time autumn 2016.

Additional information