

Institutt for samfunnsøkonomi

Eksamensoppgave i SØK3519 – Offentlig økonomi / Public Economics

Faglig kontakt under eksamen: Hans Bonesrønning

Tlf.: 73 59 17 64

Eksamensdato: 16. mai 2014

Eksamenstid (fra-til): 6 timer (09.00 – 15.00)

Sensurdato: 11. juni 2014

Hjelpemiddelkode/Tillatte hjelpemidler: C /Flg formelsamling: Knut Sydsæter, Arne Strøm og Peter Berck (2006): Matematisk formelsamling for økonomer, 4utg. Gyldendal akademiske. Knut Sydsæter, Arne Strøm, og Peter Berck (2005): Economists' mathematical manual, Berlin.
Enkel kalkulator Casio fx-82ES PLUS, Citizen SR-270x, SR-270X College eller HP 30S

Målform/språk: Engelsk

Antall sider: 2 (inkl forside)

Antall sider vedlegg: 0

Problem 1 (50%)

- a) According to optimal commodity taxation theory necessities should be highly taxed. Present the theory that leads to this recommendation.
- b) Discuss the statement: Optimal commodity tax rates should be set so that the demand for all goods is reduced in equal proportions.

Problem 2 (15%)

Discuss arguments for public provision of health care and education.

Problem 3 (35%)

1. You are asked by the Norwegian government to analyze the effects of an educational accountability reform in Norway. The main objective is to analyze whether the reform has improved student achievement, but the Government is also worried that the 430 municipalities have implemented the reform very differently.
 - a) Describe how you will perform an analysis using the cross-sectional variation in reform implementation across the municipalities. Discuss the main econometric challenges, and propose solutions to these challenges. Will this analysis shed some light on the reform implementation in the municipalities?

Assume that the municipality of Oslo provides you with panel data: student achievement and student background characteristics are linked for fifth grade students in 5 cohorts before the reform and 3 cohorts after the reform.

- b) Describe an analysis where you exploit these panel data to investigate the effects of the reform on student achievement. Discuss the main econometric challenges, and propose solutions.