

EXAMINATION QUESTION PAPER: Reassessment, 2014

Module code:	EC6008
Module title:	Public Economics
Module leader:	Chris Tsoukis

Date:	July/August 2014
Duration:	2 Hours

Exam type:	Part Seen/Part Unseen, Closed
Materials supplied:	None
Materials permitted:	Foreign language dictionaries only where prior permission has been obtained
Warning:	Candidates are warned that possession of unauthorised materials in an examination is a serious assessment offence.

Instructions to candidates:	Candidates will be required to answer ONE question from EACH of THREE Sections
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Section A – Seen part
Answer ONE of the following:

[40% of the marks are available here.]
[All questions carry equal marks.]

1. Outline THREE of the following theories for the existence of the economic role of the state: [each is worth 33 marks]
 - Minimal state
 - The developmental model
 - Wagner's law
 - Baumol's law
 - Theories other than the aboveIn doing so, explain the strengths and weakness of each theory and give specific examples of public services in line with those theories, wherever relevant.

2. Using an appropriate formal framework, show how perfect competition leads to efficiency. (Give an appropriate definition of efficiency.) Furthermore, state the two welfare theorems, and demonstrate how they follow from your analysis above.