

UNIVERSITY COLLEGE LONDON

EXAMINATION FOR INTERNAL STUDENTS

MODULE CODE : ECON3022

ASSESSMENT : ECON3022A
PATTERN

MODULE NAME : Ethics in Applied Economics

DATE : 23 May 2016

TIME : 10:00 am

TIME ALLOWED : 2 hours

This paper is suitable for candidates who attended classes for this module in the following academic year(s):

2015/16

SUMMER TERM 2016.

ECON3022: ETHICS IN APPLIED ECONOMICS

TIME ALLOWANCE: 2 HOURS.

Answer **THREE** Questions. **QUESTION NO. 1 IS COMPULSORY.** Also answer any **TWO** of the other questions. .

In cases where a student answers more questions than requested by the examination rubric, the policy of the Economics Department is that the student's first set of answers up to the required number will be the ones that count (not the best answers). All remaining answers will be ignored.

1. Why must value judgements play a role in the analysis of any economic policy proposal? Can they sometimes conflict? Illustrate your answer with reference to any TWO of the following possible policy proposals [ignoring possible *macro-economic* effects on the budgetary balance]:-

- (i) raise minimum wages;
- (ii) increase congestion charges on private cars in London;
- (iii) raise student tuition fees in Higher Education;
- (iv) abolish subsidies to wind farms.

2. EITHER (a) What conflicts of value judgement in welfare economics are highlighted by the results of work by behavioural psychologists and economists?

OR (b) How far is the usefulness of the Pareto optimisation criterion limited by distributional considerations?

3. Why is it sometimes stated that the choice of a discount rate in public projects is basically an ethical issue? Discuss.

4. "....the battle is not, in any important sense, about 'why equality?', but about 'equality of what?'" [Amartya Sen]. Discuss.

ECON 3022

TURN OVER

5. One of the conclusions of the 'non-identity problem' is that we, the present generation, are not harming future people if we deplete their resources thereby lowering their quality of life relative to what it would otherwise have been. Do you agree? Give your reasons.

6. EITHER (a) In what sense does 'happiness economics' mark a return to Bentham?

OR (b) How have surveys of 'self-reported happiness' evolved since the times of Easterlin? How far do you think they have become more useful for policy purposes?

7. "In the kingdom of ends everything has either a price or a dignity. If it has a price, something else can be put in its place as an equivalent; if it is exalted above all prices and admits of no equivalent, then it has a dignity." [Kant]
Discuss with relevance to

EITHER (a) the valuation of life and safety;

OR (b) the moral limits of the market.

8. Discuss one or more examples of the way that certain kinds of international trade illustrate the limitations of the concept of a 'Pareto-optimising move'.