Comments: ECON4240 - Candidate 171302

Problem 2: Overall, the candidate shows that he/she understands the intuition of the exercises and also has the ability to do the calculations. The candidate first makes the necessary assumptions to answer the question, then he/she outlines the answer in words and lastly solves the problem analytically. Exercise 1, which asks the candidate to find the expected utility of Plutonians, serves as a good example. The candidate starts by defining the unit of consumption. Based on this, he/she explains how to find the expected utility of each Plutonian. By doing this, the candidate shows that he/she understand the problem and how to solve it. Hence, even if the candidate were to make a mistake when doing the calculation, there is little doubt that he/she comprehend the mechanisms at play. This guarantees that the candidate at least get some points. Finally, the calculations are precise and clear, and answers exactly what the exercise is asking. The answers to Exercise 2, 3, 4 and 6 follows the structure outlined above: good explanations and correct calculations. He/she gets full score on these exercises. While the candidate exhibits good intuition on exercise 5, the formal analysis is lacking. Because of the good discussion, the candidate still gets 4 of 6,5 points.

Problem 3: Exercise 1 consists of three tasks. The candidate concisely explains the first and second welfare theorem. Thereafter, he/she explains what theorem is more important for policy and the task at hand. The candidate also presents good arguments that support his/her claim. This is needed to obtain the full score the candidate received.
On Exercise 2, the candidate is asked to derive equilibrium allocations of good x. The candidates calculations are presented in a good way with equilibrium conditions stated along the way. This makes the answer easy to follow.
The candidate answers Exercise 3 in an exemplary way. First, he/she exhaustively explains how different values of γ leads to externalities and for what value the allocation is pareto efficient. The candidate then goes on to derive the pareto efficient allocation analytically.
The candidate gets full score on Exercise 2 and 3. The answer to Exercise 4 is, however, lacking important elements to receive full score. The candidate discusses for what values a tax or subsidy would be suitable and how it might affect the utility of the agents. While the candidate seems to understand the mechanism, he/she does not answer the question of what level the tax or subsidy would need to be to reach pareto efficiency. Moreover, she does not answer what is specific about this case. As this seemed to be a difficult exercise for all candidates, this candidate get 4 of 10 points for his/her answer.

Overall, the candidate exhibits that he/she knows the curriculum very well. He/she answers all exercises and gets full score on all but two exercises. Common for all questions is that the candidate explains the intuition very well. This makes the calculations easy to follow. The candidate was given the grade A.