



APPLIES TO ACADEMIC YEAR 2008/2009

SØK 2300 Economics III - Macroeconomics II

Program

Bachelor of Science in Business (3. year).

Responsible for the course

Erling Steigum

Department

Department of Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

Norwegian

This course is an intermediate course in macroeconomics, building on Economics I and II.

Objective

The main objective of this course is to give students a deeper understanding of macroeconomic questions that are important for economic policy in a small open economy like the Norwegian. A central theme is the question: Which economic policy gives the best prospects for sustainable economic growth and macroeconomic stability? Here, the special role of the petroleum revenues for Norwegian fiscal policy will be taken into consideration. The strategy for spending petroleum revenues also has implications for industrial structure and structural policies.

Stabilization policy is another important theme in this course. One issue is fiscal policy rules. Another is the effects of monetary and fiscal policy on inflation and business cycles under flexible exchange rates and high international capital mobility. Special attention will be devoted to flexible inflation targeting as a framework for monetary policy.

Prerequisites

Economics I and II

Compulsory literature

Books:

Steigum, Erling. 2004. *Moderne makroøkonomi*. Oslo: Gyldendal akademisk. Kapittel 7-8, 9 (ikke 9.3), 10, 11 (ikke vedlegg 11.1), 12-14.

Recommended literature

Books:

Steigum, Erling og Robert G. Hansen. 2005. *Hjelper til Moderne makroøkonomi*. 2. utg. Oslo: Gyldendal akademisk. 310 sider

Other:

Norges Bank. Siste Pengepolitisk rapport
Siste Nasjonalbudsjett

Course outline

- Business cycles and demand multiplier models
- Financial markets and business cycles
- The interest rate, aggregate demand and stabilization policy
- Exchange rates, business cycles and macroeconomic policy
- Inflation and monetary policy
- Flexible inflation targeting
- Fiscal policy
- Spending petroleum revenues and the industrial structure
- Long-run macroeconomic effects of government debt and wealth
- Population ageing and fiscal policy

Computer-based tools

Blackboard

Course structure

36 hours with lectures and 6 hours exercises.

Evaluation

A five hour individual written examination concludes the course.

Evaluation code(s)

SØK 23001 - Written exam counts 100% of the grade in the course SØK 2300 Economics III - Macroeconomics II, 6 credits.

Aids at the examination

BI-approved exam calculator. Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary. <http://www.bi.edu/studenthandbook/examaids>

Makeup exam

Next ordinary exam