



APPLIES TO ACADEMIC YEAR 2011/2012

## **SØK 3525 Macroeconomics**

### **Programme**

Bachelor in Auditing (2. year), Bachelor in Banking and Finance (SF), Bachelor in Business Administration (2. year), Bachelor in Business Law (2. year), Bachelor in Entrepreneurship (2. year), Bachelor in Finance (2. year), Bachelor in IT-management (2. year), Bachelor in Real Estate (2. year)

### **Responsible for the course**

Terje Synnøstvedt

### **Department**

Department of Economics

### **Term**

According to study plan

### **ECTS Credits**

7,5

### **Language of instruction**

Norwegian

### **Introduction**

Macroeconomics is the study of the economy as a whole. It deals with phenomena such as long-run economic growth, business cycles, unemployment, inflation, and deficits on the balance of payments. Analyses on how governments and central banks can influence the economy through fiscal and monetary policy are particularly important in macroeconomics.

This course differs from the course SØK 3432 Macroeconomics in several areas. Here we go in depth into the foundation for economic growth and the causes of structural unemployment. Furthermore, we go deeper into the monetary and fiscal policy and among others look at long-term, dynamic effects of fiscal policy. This course also analyzes economic mechanisms both by mathematical and graphical models.

### **Learning outcome**

The main goal of this course is to provide an introduction to the macroeconomics field to provide the students with a good basis for keeping up with what's happening in the Norwegian economy and the background of the economic policies of the Government and Norges Bank (the Central Bank of Norway). You will also learn how the Norwegian economy is influenced by international factors and what kinds of economic indicators contain the latest information about the current economic situation. In order to acquire this foundation, students must be familiar with the concepts, relationships and facts that will enable them to understand the basic causes of phenomena such as business cycles, economic growth and stagnation, unemployment and inflation, as well as how economic policies affect the economic development in both the short and the long term.

### **Acquired knowledge**

After completing this course students should be able to explain macroeconomic concepts, indicators and key objectives and instruments of Norwegian economic policy, including understanding the relationship between objectives and means. The students should be able to explain the fundamental distinction between the real economy on the one hand and money and financial issues on the other. They should have gained knowledge about key driving forces behind economic growth, and on the basis of data, be able to decide whether a country's economic growth is balanced or not. Monetary policy has a key role in economic policy and students should be able to explain various aspects of having an inflation target. They must have a good overview of economic relationships and established macro-economic theories and empirical knowledge and be able to analyze the functioning of the economy and the effects of economic policy in a small open economy with flexible exchange rates. The students should be able to conduct such discussions using both mathematical and graphical models. They should also have developed a critical sense that enables them to distinguish between correct and incorrect statements about macroeconomics.

### **Acquired skills**

After taking this course the students should be able to find relevant economic data and indicators from respectable data sources in order to describe the macroeconomic situation and recent history of a particular country. Students should also be able to decide which macroeconomic theory or model is most relevant for a particular policy issue, and be able to present macroeconomic models both mathematically and graphically. They should also be able to describe economic policy, as well as distinguish between descriptive and normative statements.

**Reflection**

After taking this course the students should be ethically conscious about the conflicts of interest and inherent goal conflicts and trade-offs in macroeconomic policy. They should be able to look at a macroeconomic policy issue from different perspectives in regard to the interests of different groups in society. They should also have developed a critical attitude making them conscious of the difference between political ambitions behind announcements of goals and the real effects of macroeconomic policies in practice.

**Prerequisites**

This course requires prior knowledge in mathematics, statistics, and microeconomics.

**Compulsory reading****Books:**

Steigum, Erling. 2004. Moderne makroøkonomi. Gyldendal akademisk. Kapittel 1 - 3, 5 - 14.  
Deler av enkelte kapitler er ikke pensum, dette blir mer spesifikt oppgitt ved kursstart.

**Other:**

Finansdepartementet. 2010. Nasjonalbudsjettet 2011

Norges Bank. 2010. Finansiell stabilitet 2/2010

Norges Bank. 2011. Pengepolitisk rapport 1/2011

**Recommended reading****Course outline**

- National accounts and economic indicators
- Population development and the wealth of nations
- Economic growth
- Structural unemployment
- Money neutrality: The distinction between real and nominal variables
- Money, prices and exchange rates
- Business cycles and the short-run effects of monetary and fiscal policy
- Asset bubbles and financial crisis
- Inflation, expected inflation and output gap
- Monetary policy: Inflation targeting, interest rate and inflation, policy dilemmas
- Fiscal policy: Taxes, welfare, public assets and debts, pension obligations

**Computer-based tools**

The Internett and the platform It's learning.

**Learning process and workload**

The course consists of 36 hours of lectures and 6 hours of plenary exercises

**Work Requirements**

Seven sets of coursework requirements will be posted on It's learning.. Five of these have to be passed in order for the student to be allowed to take the final exam. Feedback will be given both electronically and in class. Information about dead lines will be given at the start of the term.

**Recommended workload in hours**

| Activity                                           | Use of hours |
|----------------------------------------------------|--------------|
| Lectures                                           | 36           |
| Feedback on required coursework in class           | 6            |
| Reading of literature and preparation for lectures | 131          |
| Coursework requirements                            | 24           |
| Final examination                                  | 3            |
| <b>Total recommended use of hours</b>              | <b>200</b>   |

**Use of hours**

42 hours - lectures, assignments and feedback on submitted work requirements.

3 hours - Administration It's learning.

45 hours total

**Coursework requirements**

The students must have passed five of the seven assignments in order to take the exam.

**Examination**

A three (3) hour individual multiple choice exam concludes the course

**Examination code(s)**

SØK 35251 - Multiple choice accounts for 100% of the final grade in SØK 3525 -  
Macroeconomics - 7.5 credits.

**Examination support materials**

BI-defined exam calculator is allowed. TEXAS INSTRUMENTS BA II Plus™

Examination support materials at written examinations are specified under exam information in our web-based Student Handbook. Please note the use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

A re-sit examination is offered every term.

Students that have not passed five of seven assignments are not allowed to take the exam.

This means that they have to re-take the entire course later. Students that have not passed the written examination or who wish to improve their grade can take the re-sit examination when the next scheduled examination is offered.

**Additional information**