



APPLIES TO ACADEMIC YEAR 2012/2013

SØK 1201 Macroeconomics I

Programme

Bachelor of Science in Business (2. year)

Responsible for the course

Terje Synnestvedt

Department

Department of Economics

Term

According to study plan

ECTS Credits

7,5

Language of instruction

Norwegian

Introduction

Macroeconomics is the study of a country's economy as a whole. The subject deals with phenomena such as sustained economic growth, cyclical fluctuations from year to year, unemployment, inflation and balance of payments. Analysis of how the government can stabilize the macro-economic development through fiscal policy and monetary policy is very important in this field. Macroeconomics is a foundation for the course Macroeconomics II.

Learning outcome

This course's main goal is that students will acquire a precise terminology and understanding of macro-economic theories and their empirical knowledge that explains the long-term growth processes, permanent (structural) unemployment, inflation and growth in other nominal sizes, as well as cyclical movements. You will also learn how the Norwegian economy is influenced by international factors, as well as the economic indicators that show the latest information about the current economic situation. In this course you will gain an overview of recent growth theory that explains the importance of technological changes and innovations for long-term economic growth. Another important goal is for students to understand the microeconomic foundations of mathematics, macro-economic models that explain economic growth processes, and how fiscal and monetary policies affect aggregate employment and production of goods and services in an economic perspective.

Aquired knowledge

After completing this course students should be able to explain the most important macroeconomic concepts, indicators and key targets and measures in the Norwegian economic policy. They should be able to explain the fundamental distinction between the real economy on one hand and money and other nominal sizes of the other. Students should also have developed a critical sense that allows you to distinguish between correct and incorrect statements, and between normative and descriptive statements in the macro-economic field. They must have a good overview of the macroeconomic context and empirical knowledge. You should also understand the logical structure to the Solow model of capital accumulation and economic growth in the long term, understanding the importance of technological change and innovation for economic growth, the fundamental institutional and political causes of high material wealth, the driving forces behind cyclical movements, as well as the effects of the financial - and monetary policy.

Aquired skills

Students should be able to identify relevant economic indicators and other data from the macro-economic data sources to illustrate the macro-economic situation in Norway or abroad. They will also be able to decide which macro-economic theory that is most relevant to discuss a specific, relevant issue. An important goal is that students can master the Solow model of capital accumulation and economic growth in mathematical form. Moreover, they should conduct independent reasoning through the application of the Solow model of economic growth and be able to use short-term, macro-economic models in mathematical form to illustrate the effects of various macroeconomic shocks and how monetary and fiscal policy affect output and employment through the aggregate demand for goods and services.

Reflection

Students must be ethically aware of the fundamental conflicts of interest and conflicting objectives that are linked to economic policy. They should consider a macroeconomic problem from different angles when it comes to different groups of economic interests. They will also get a critical sense of the declared political goals and aspirations may differ from the actual effects of economic policy in practice.

Prerequisites

This course requires prior knowledge of mathematics (MET 1180 Part I and II), statistics (MET 1190), business (BØK1121) and microeconomics (SEARCH 1101) or equivalent.

Compulsory reading

Books:

Krugman, Paul R. 2009. Finanskriser og depresjonsøkonomi - og hva kan gjøres med finanskrisen. Hegnar media. kapittel 1 - 10, side 9 - 199
Steigum, Erling. 2004. Moderne makroøkonomi. Gyldendal akademisk. Kapittel 1 - 9, unntatt avsnitt 9.3 (327 sider)

Other:

Durlauf, Steven N. and Lawrence Blume (red.). 2010. Economic Growth. Palgrave Macmillan. 79 sider: Creative distruction (6), Economic growth(13), Economic growth in the very long run(11), General purpose technologies(6), Globalization(11), Growth and inequality(5), Growth and institutions(9), Human capital, fertility and growth (7).
Finansdepartementet. 2011. Nasjonalbudsjettet 2012
Norges Bank. 2011. Finansiell stabilitet. 1/2011
Norges Bank. 2011. Pengepolitisk rapport. 2/2011

Recommended reading

Course outline

1. National accounts and economic indicators
2. Population development and prosperity of nations
3. Theories of long-term economic growth and income distribution between labor and capital.
4. Solow model of capital accumulation and economic growth in the long term.
5. The importance of institutions and policy innovations, development of physical capital and human capital, and the nations' wealth.
6. Structural unemployment: frictions in employment market, as well as wage and price setting.
7. Monetary Neutrality: The distinction between the real economy and nominal variables such as money, credit, price levels and exchange rates.
8. Economic Models and short-term effects of fiscal policy on aggregate output, employment and balance of payments.
9. Asset bubbles and financial crises. Policies and regulations to promote financial stability.
10. The real interest rate impact on demand for private consumption and fixed investment. The effect of monetary policy (through the setting of interest rates) on aggregate output and employment in the short term.

Computer-based tools

No specified computer-based tools are required.

Learning process and workload

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

Coursework Requirements

During the course there will be seven (7) assignments given on the learning platform It's Learning. It is a requirement that students must have received approval for five (5) of these to take the examination. Feedback on assignments will be given both electronically and through reviews in lectures. Information about deadlines for coursework requirements will be provided when the course starts.

Recommended use of hours.

Activity	Use of hours
Lectures	36
Task Review in lectures	6
Reading curriculum and prepare for lectures	131
Assgnments	24
Exam	3
Totalt use of hours recommended	200

Use of hours

Coursework requirements

In order to sit for final exam studente must have received approval for five of the seven assignments.

Examination

A three hour individual written exam concludes the course.

Examination code(s)

SØK 12011 - Written exam, counts for 100% to obtain final grade in SØK 1201 Macroeconomics, 7.5 credits.

Examination support materials

BI-approved exam calculator. TEXAS INSTRUMENTS BA II Plus™

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

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

Re-sit examination

Re-sit examination is offered every semester.

Students who do not get approved five of seven assignments, has not met the coursework requirement of the course and will not be allowed to take the exam. This means that they must take the course again in subsequent implementation. Students who do not get passed the written exam or who want to improve their grade, can re-sit in the next semester.

Additional information