



APPLIES TO ACADEMIC YEAR 2013/2014

SØK 1201 Macroeconomics I

Programme

Bachelor of Science in Business (2. year)

Responsible for the course

Erling Steigum

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 macroeconomic development through fiscal policy and monetary policy is very important in this field. Macroeconomics is a foundation for the course Macroeconomics II.

Learning outcome

- Acquired a precise vocabulary and understanding of macroeconomic 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 business cycles.
- Learned how the Norwegian economy is affected by international factors and the economic indicators, which contains the latest information about the current economic situation.
- Acquired an overview of key population issues and gain insight into how macroeconomic growth processes related to the growth in physical capital and human capital, and productivity growth.
- The accumulated knowledge of the properties of the aggregate production function, and how the Solow growth model can be applied to the dynamic analysis of economic growth in the long term.
- Learned about sustainable economic growth that takes into account non-renewable natural resources and the environment.
- Established knowledge of current macroeconomic models where the economic situation is influenced by demand shocks and government fiscal policy.

Acquired Knowledge

After completing the course, students will have:

Acquired Skills

After completing the course, students will be able to:

- Explain the main macro-economic concepts, indicators and key objectives and instruments of Norwegian economic policy.
- Explain the fundamental distinction between the real economy on the one hand and money and other nominal variables on the other.
- Distinguish between correct and incorrect statements related to normative and descriptive statements on the macroeconomic field.
- Demonstrate good overview of the macroeconomic context and empirical knowledge.
- Understand the logical structure to the Solow model of capital accumulation and economic growth in the long term
- Show understanding of the importance of technological change and innovation for economic growth, the fundamental institutional and political causes of high material wealth, the driving forces behind business cycles, and the effects of fiscal policy.

- Identify relevant economic indicators and other data from macroeconomic data sources to shed light on the macroeconomic situation in Norway or other countries.
- Determine which macroeconomic theory that are most relevant to discuss a specific, relevant issue.
- Make use Solow model of capital accumulation and economic growth in mathematical form.
- Conduct independent reasoning through applications of the Solow model of economic growth, and to use short-term macroeconomic models in mathematical form to study effects of demand shocks, and how fiscal policy affects 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:

Steigum, Erling. 2004. *Moderne makroøkonomi*. Gyldendal akademisk. Kapittel 1 - 2 og 5 - 7 (171 sider)
 Weil, David N. 2013. *Economic growth*. 3rd ed. Pearson Education. Kapittel 1-14, avsnitt 15.3 og kap 16 (437 sider m/oppgaver)

Other:

Finansdepartementet. 2013. *Nasjonalbudsjettet 2014*

Recommended reading

Articles:

Brunborg, Helge, Inger Texmoen og Marianne Tønnessen. *Befolkningsframskrivninger 2012-2100: Resultater. Økonomiske analyser*. 4/2012. Statistisk sentralbyrå

Course outline

1. National accounts and economic indicators
2. Population development and population trends
3. Long-term economic growth and income distribution between labor and capital.
4. The Solow model of capital accumulation and economic growth in the long term.
5. Human capital, innovations and technological progress.
6. Productivity and efficiency.
7. The importance of political and economic institutions and policy for national income and wealth.
8. Income inequality and economic growth.
9. Natural resources, the environment and economic growth
10. Structural unemployment: frictions in employment market, as well as wage and price setting.
11. Monetary Neutrality: The distinction between the real economy and nominal variables such as money, credit, price levels and exchange rates.
12. Business cycles and short-term macroeconomic models with demand shocks.

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
Assignments	24
Exam	3
Total use of hours recommended	200

Use of hours

Coursework requirements

In order to sit for final exam students 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