



APPLIES TO ACADEMIC YEAR 2016/2017

## BST 1612 Applied Macroeconomics

### Programme

Bachelor of Business Administration (3. year), Elective

### Responsible for the course

Terje Synnestvedt

### Department

Department of Economics

### Term

According to study plan

### ECTS Credits

15

### Language of instruction

Norwegian

### Introduction

In combination with BTH 1613 Bachelor Thesis, Applied Macroeconomics (15 credits) this course will constitute a specialization of 30 credits. It will be stated on the diploma that it is a specialization. It applies to students on the Bachelor Programme in Business Administration. The course may also be chosen by other students as an elective in their third year of study.

Macroeconomics is the study of a country's economy as a whole. The discipline deals with phenomena such as long-term economic growth, cyclical movements, financial instability, unemployment, price rise and current external account deficits or surpluses. Analyses of how the authorities may influence the macroeconomic development through fiscal and monetary policies form a central element in this course.

### Learning outcome

The course is intended to provide the students with an insight into macroeconomic mechanisms and relations that are important to the Norwegian economy and Norwegian politics both in the short and long term. There will be an emphasis on the interaction between financial markets, monetary and fiscal policies and cyclical movements. The monetary policy of the Bank of Norway and fiscal policy issues will form central elements. Through the discussion of important and relevant macroeconomic problems such as macroeconomic instability, financial crises, the use of oil revenues, the great increase in the number of elderly people and economic globalisation, etc., the course places an emphasis on linking theoretical insight to important macroeconomic phenomena and development features.

The course places an emphasis on econometric methods and analysis tools for the analysis of cyclic data, and on making forecasts based on estimated model contexts. Thus, the course provides an introduction to time series econometrics and relevant software.

### Acquired knowledge

On completion of the course the students shall have an understanding of:

- The interaction between the real market, the money market, the currency market and the labour market, and in this context be able to account for potential effects of the economic policy related to central variables such as aggregate production, unemployment, inflation, the current balance and the balance of trade.
- The meaning and importance of financial stability and familiarity with the measures the authorities may implement to preserve financial stability.
- Central driving forces for economic growth and an ability to account for how the long-term growth path is affected by underlying factors such as savings rate and growth in total factor productivity.
- Short-term and long-term effects of the use of oil revenues in the Norwegian economy, as well as an insight into fundamental problems related to public budgets and pensions.

### Acquired skills

- The students are to be able to find macroeconomic data and perform empirical analyses of these data on their own.
- The students are to be able to discuss macroeconomic problems by means of various model-based approaches and as part of this be able to account for strengths and weaknesses in connection with different macroeconomic models.

### Reflection

- The students shall have an ethical awareness of the basic conflicts of interests and goal conflicts related to economic policy, including the goal conflict between efficiency and income equalization.
- The students shall be able to assess a macroeconomic problem from different angles with respect to the economic interests of various groups.

- The students are to develop a critical sense regarding possible divergences between stated political goals and ambitions and the probable actual effects of economic policies.

### Prerequisites

Two years of college education in business administration or equivalent, with an emphasis on the following courses:

MET 3431 Statistics or MET 2920 Statistics

MET 3590/MET 3592 Econometrics, MET 2123 Method and Data Analysis, FIN 3618 Financial Econometrics or ELE 3776 Mathematical Analysis

SØK 3520 Microeconomics

SØK 3525 Macroeconomics

Alternatively, equal knowledge from another educational institution may be accepted.

### Compulsory reading

#### Books:

Blanchard, Oliver, Alessia Amighini and Francesco Giavazzi. 2013. Macroeconomics : a European perspective. 2nd ed. Pearson. Utvalgte deler

Gujarati, Damodar. 2015. Econometrics by example. 2nd ed. Palgrave

Krugman, P.R. Obstfeldt, M og M. Melitz. 2015. International Economics, Theory and policy. Pearson. utvalgte deler

#### Collection of articles:

Terje Synnøstvedt. 2016. Pensumhefte BST 1612 Anvendt makroøkonomi. 3. utg. Handelshøyskolen BI

### Recommended reading

#### Books:

Greeness, Tor. 2001. Innføring i vitenskapsteori og metode. 2. utg. Universitetsforlaget. Kap 3-9

Isachsen, Arne Jon. 2012. Finanskriser og globale ubalanser. Zigma Forlag

### Course outline

- Macroeconomic data sources
- Economic growth
- Interest and currency rates
- Business cycle theory
- Monetary policy
- Fiscal policy
- Public budgets
- Pensions
- Asset bubbles and financial crises in an international perspective
- Financial stability
- Macroeconomic forecasts
- Applied econometrics
- Time series analysis

### Computer-based tools

Computer-based tools are used in this course. An introduction to the software Eviews, or alternative software, is given.

### Learning process and workload

The course consists of 90 hours of module-based teaching.

Recommended use of time:

Activity	Hours
Class participation and review of assignments	90
Preparation for lectures/study of literature/colloquia	225
Work on assignments	80
Examination	5
<b>Recommended total use of time</b>	<b>400</b>

### Use of hours

### Examination

The course is concluded by a 5-hour individual written examination.

**Examination code(s)**

BST 16121 Written examination counts 100% towards the grade for the course BST 1612 Applied Macroeconomics I, 15 credits.

**Examination support materials**

BI approved exam calculator. Examination support materials at written examinations are explained under examination information in the student portal @bi. Please note use of calculator and dictionary in the section on support materials ([https://at.bi.no/EN/Pages/Exa\\_Hjelpemidler-til-eksamen.aspx](https://at.bi.no/EN/Pages/Exa_Hjelpemidler-til-eksamen.aspx)).

**Re-sit examination**

A re-sit examination is offered in connection with the next ordinary course.

**Additional information**