



APPLIES TO ACADEMIC YEAR 2016/2017

## SØK 1201 Macroeconomics I

### Programme

Bachelor of Science in Business and Economics (2. year)

### Responsible for the course

Jørgen Juel Andersen

### 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 I focuses on essential terms and relationships, and long run economic growth and development. Macroeconomics I 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.
- Learned how the Norwegian economy is affected by structural and international factors.
- 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 the long run consequences of 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 long-term 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, and the long-run effects of fiscal policy.

- Identify relevant economic indicators and other data from macroeconomic data sources to shed light on the macroeconomic development in Norway or other countries.
- Determine which macroeconomic theory that are most relevant to discuss a specific, long-run issue.
- Use the 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 macroeconomic models in mathematical form to study effects of fiscal policy for economic growth and sustainability.

#### **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 - 6 samt kapittel 13-14  
Weil, David N. 2013. *Economic growth*. 3rd ed., International ed. Pearson Education. Kapittel 1-14, avsnitt 15.3 og kapittel 16.

##### **Other:**

Finansdepartementet. 2014. *Nasjonalbudsjettet 2015*

#### **Recommended reading**

##### **Articles:**

En til to aktuelle artikler; informasjon på forelesning og på fagets hjemmeside på It's learning

#### **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. Long run effects of fiscal policy.

#### **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.

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

### **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. 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**

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**