



**NTNU – Trondheim**  
Norwegian University of  
Science and Technology

Department of Economics

## **Examination paper for SØK1151**

### **Macroeconomics for managers**

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**Permitted examination support material:** C / Formelsamling: Knut Sydsæter, Arne Strøm og Peter Berck (2006): Matematisk formelsamling for økonomer, 4utg. Gyldendal akademiske. Knut Sydsæter, Arne Strøm, og Peter Berck (2005): Economists' mathematical manual, Berlin. Calculator: Casio fx-82ES PLUS, Citizen SR-270x, SR-270X College eller HP 30S.

<b>Language:</b>	English and Norwegian
<b>Number of pages (front page included):</b>	2
<b>Number of pages enclosed:</b>	0

English

We consider two countries; A and B. Country A is a closed economy, while country B is an open economy. You can assume that country B has a flexible exchange rate regime. Both countries suffer from high unemployment, and plan to cut taxes.

- a) Discuss how a tax cut affects GDP, consumption and investments in country A.
- b) Discuss how a tax cut affects GDP, consumption, investments, and net exports in country B. Compare the effects of the tax cuts for unemployment in the two countries.

Country B hesitates to implement the tax cut, but country C – another open economy – carries out a tax cut.

- c) Discuss how country B is affected by the tax cut in country C.

Norsk

Vi betrakter to land; A og B. Land A har en lukket økonomi, mens land B har en åpen økonomi. Du kan anta at land B har et fleksibelt valutakursregime. Begge land har høy arbeidsledighet, og planlegger å redusere skattene.

- a) Diskuter hvordan reduserte skatter påvirker BNP, konsum og investeringer i land A.
- b) Diskuter hvordan reduserte skatter påvirker BNP, konsum, investeringer og nettoeksport i land B. Sammenlign effektene av reduserte skatter på arbeidsledigheten i de to landene.

Land B nøler med å kutte i skattene, men land C – et annet land med en åpen økonomi – reduserer skattene.

- c) Diskuter hvordan land B påvirkes av skatteuttene i land C.