Examination paper for SØK1151
Macroeconomics for managers

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Examination date: 05.06.2019
Examination time (from-to): 4 hours (15.00 -19.00)

Permitted examination support material: C Formelsamling:

Calculator:
Casio fx-82ES PLUS, Casio fx-82EX Citizen SR-270x, SR-270X College or HP 30S.

Language: English
Number of pages (front page excluded): 1

Informasjon om trykking av eksamensoppgave
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Date Signature
Consider a world with two countries, Home and Foreign. Both countries have open economies and flexible exchange rates.

a) Foreign conducts a tax cut. Use the IS-LM-UIP model to discuss how the tax cut will affect domestic output, consumption, investment and net exports in Foreign.

b) Discuss how net exports and output in Home is affected by the tax cut in Foreign.

c) Economists often say that countries in recession should coordinate their fiscal policy to help their recovery. Use the results established in a) and b) to discuss why such coordination might be helpful.