



Norwegian University of  
Science and Technology

Department of Economics

## 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:**

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, 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**

**Originalen er:**

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**Checked by:**

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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.