

NHH



# ECONOMICS (ECN)

Master profile presentation, 21. April 2017

Profile coordinator: Gernot Doppelhofer





# Why study **ECONOMICS**?

- *To understand and analyse the global or national economy, including specific market conditions*
- *And thereby form strategies that are profitable for firms and/or policies and regulations that are good for society.*



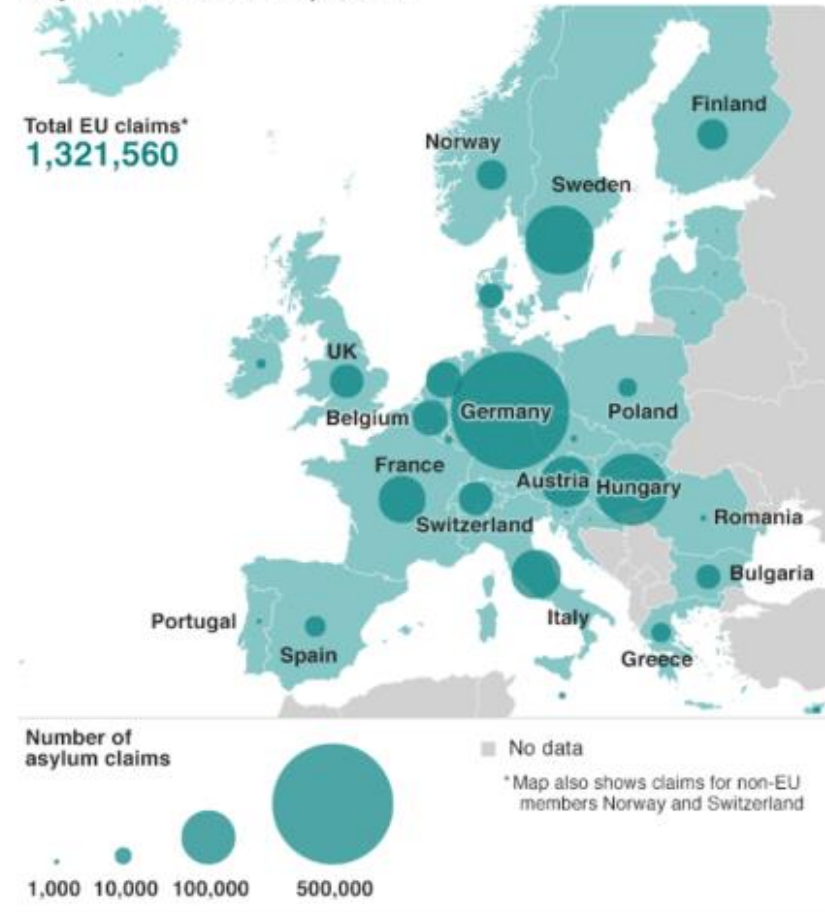
# EXAMPLES FROM COURSES



# Refugee Crisis

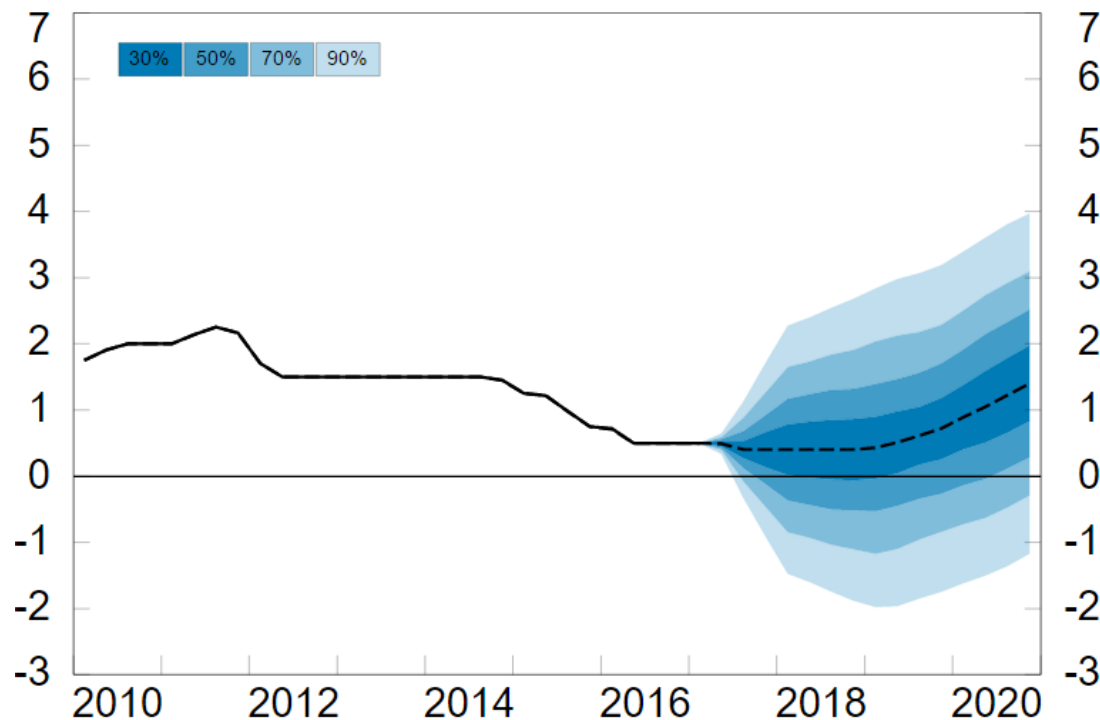
- More than 1 million refugees came to Europa in 2015.
- Some mean this will contribute to economic growth and one should open borders.
- Others mean this implies the end of the welfare state unless migration is restricted.
- Who is right and what should one do (from an economic perspective)?

Asylum claims in Europe, 2015





# Reasonable monetary policy?



- Norwegian policy rates the last 6 years and expected future interest rates.
- Why are policy rates so low (and negative in some countries)?
- Does monetary policy help to stimulate the economy or can such policies backfire?



# Norwegian Oil Fund

- Guidelines for oil fund are subject to revision.
- How should the oil fund invest?
- What should be the return rate for fiscal spending?

NORGES BANK  
INVESTMENT MANAGEMENT

THE FUND INVESTMENTS RESPONSIBILITY TRANSPARENCY

THE FUND'S MARKET VALUE

**7 810 412 760 613 NOK**

—

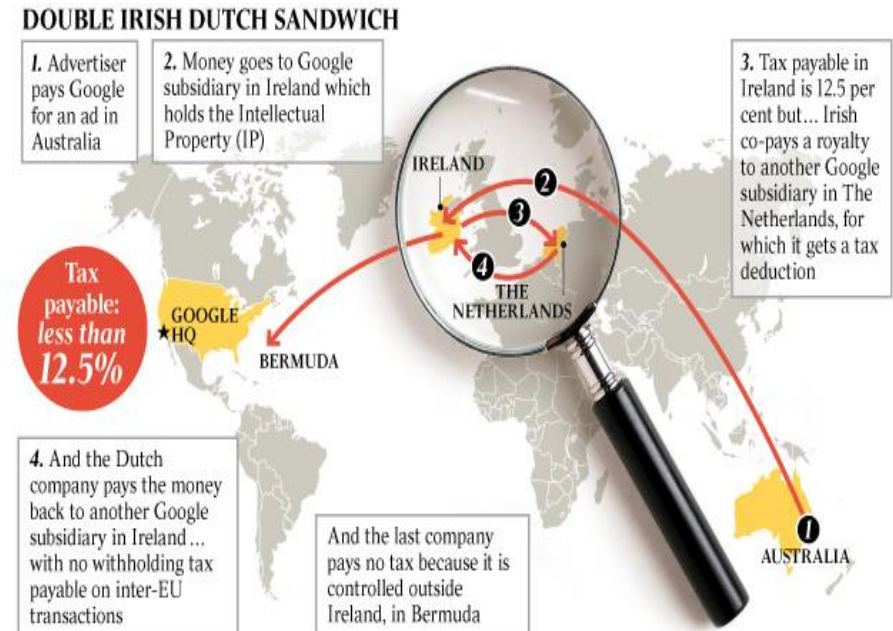
We work to safeguard and build financial wealth for future generations

The image shows a screenshot of the Norwegian Oil Fund website. The background is a photograph of an offshore oil rig. The text is overlaid on the image. At the top left is the Norges Bank Investment Management logo. At the top right are navigation links: THE FUND, INVESTMENTS, RESPONSIBILITY, and TRANSPARENCY. The main content area features the text 'THE FUND'S MARKET VALUE' followed by the large number '7 810 412 760 613 NOK'. Below this is a horizontal line and the mission statement: 'We work to safeguard and build financial wealth for future generations'.



# Corporate taxes in a globalised world

- Googles tax model outside USA («Double Irish Dutch Sandwich»)
- New multinational innovation firms (Uber, Airbnb) use the same model.
- How can innovative multinational firms be taxed?
- Should they be taxed where innovation happens or where sales occur?
- What is the «right» corporate tax?





# Competition in grocery markets?

**In 2015**

**ICA leaves Norway:**

From 4 to 3 chains!



## Market shares

### 2016 Norway

Norgesgruppen	42%
Coop	30%
REMA	28%

### 2016 Denmark

Coop	36%
Dansk Supermarked	32%
Dagrofa	14%
Rema	11%
Andre (Aldi, LIDL)	7%

- How to understand market structure in these markets?
- Vertical and horizontal agreements, logistics and distribution,
- Local vs national competition?





# Media markets: TV

- Do we need a public broadcaster (NRK)?
  - To answer this question, we need to say something about market failures
  - Can use among others the Hotelling modeller to analyse whether market implies too little media variety, and whether markets prioritise some groups before others
  - Can a public broadcaster correct such market failures?
- Do we need commercial general broadcasters (such as today's TV2)?
  - Should they receive public support in this case? And if so, how?
  - What is the implication of a two-sided market?
  - What are implications for competition in the advertisement markets?





# Supermarkets and bonus programs

– Vi har helt unik innsikt som gjør at vi kan tilpasse beskjeder til hver enkelt kunde. Eksempelvis kan du få opp handlelister i appen basert på dine tidligere kjøp og få tilpasset rabattkuponger.

Truls Fjeldstad, NorgesGruppen, NHH Forum, 25. oktober, 2016.



Digitale kuponger hos SPAR ➔

- NorgesGruppen and Coop collect information about each customer through their bonus programs – and now Rema follows with theirs «Æ».
- Individualised prices can in the end form the basis for perfect price discrimination. The best of all worlds for a monopolist.
- But what if there is competition?



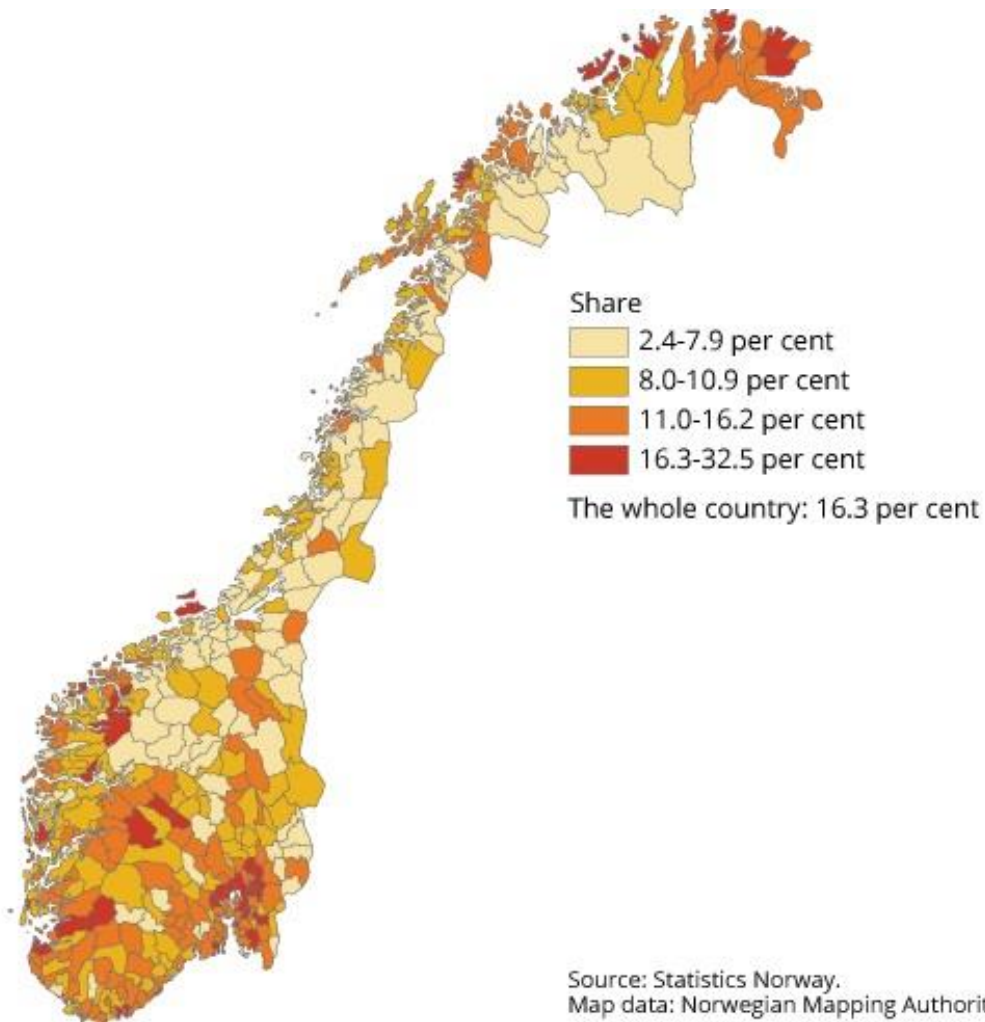
coop



- Vi skal «grabbe Kiwi by the handlepose», sier Rema-direktør.



# Immigration and the Labor Market

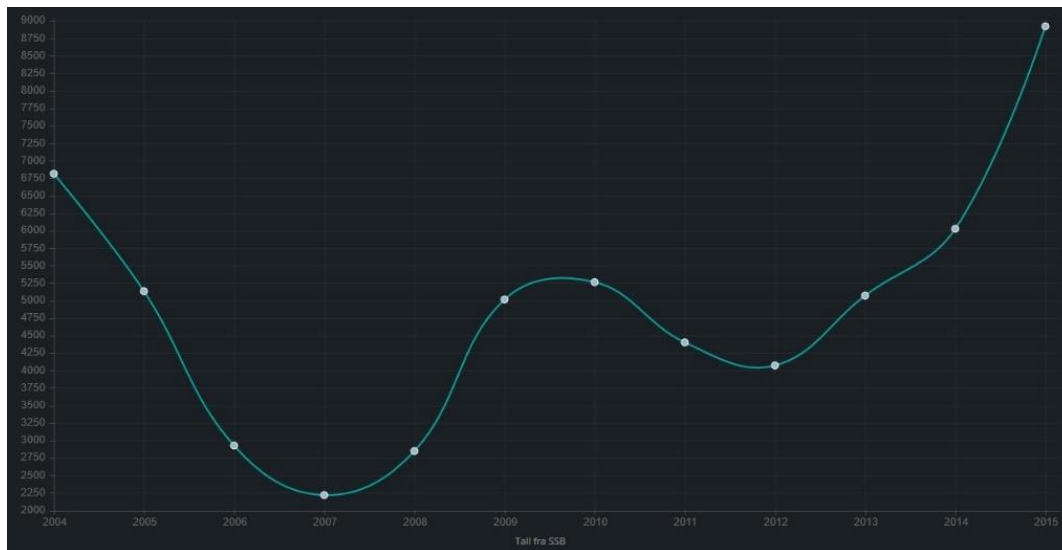


- Immigrant share in Norway: 16.3%
- Sending countries: Poland, Sweden, Germany, and Iraq
- 34% have Norwegian citizenship
- Important economic questions:
  - Who migrates and why?
  - Where do migrants locate?
  - How do immigrants affect natives' labor market outcomes?
  - How do migrants' wages evolve over time
  - What are the effects of migrant enclaves and language?



# Natural Resources and the Labor Market

## Unemployed in Rogaland 2004-2015

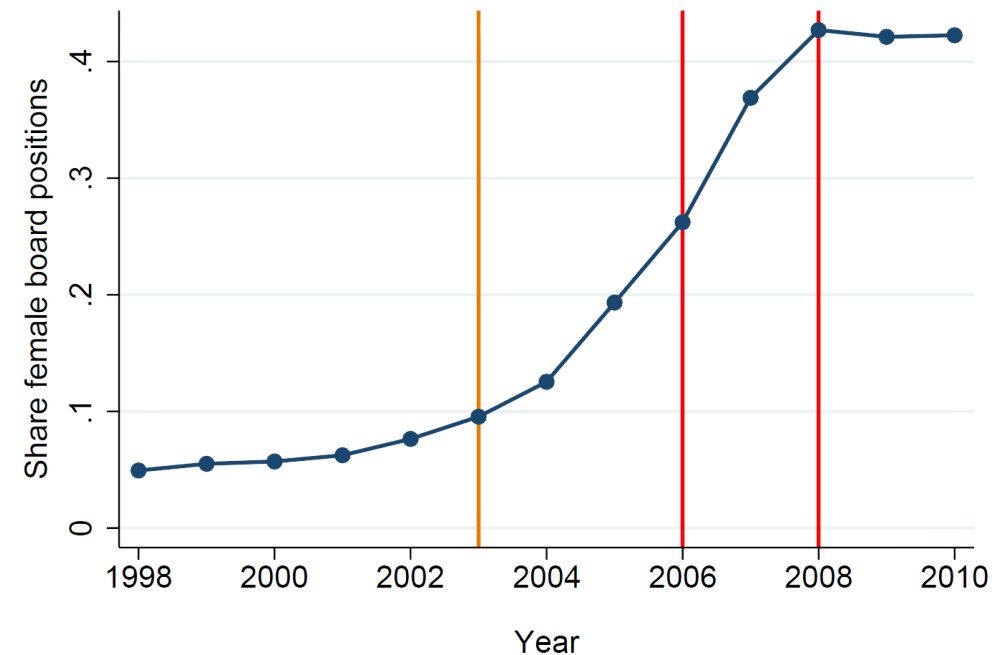


- After sharp drop in oil price in 2014 and the Norwegian oil industry missed many oil related jobs
- Large oil sector may have enabled Norwegian economy to delay necessary restructuring
  - To what extent has the oil sector contributed to the increase in wage costs in Norway?
  - Do the effects of the oil shock affect different types of workers or local labor markets in different ways?
  - What are the effects on the mobility and reallocation of labor.
  - What are the effects of resource busts on the welfare state?
  - What are the effects of resource booms on human capital investment?



# Female board quotas

- Norway introduced gender board quotas for public limited firms in 2003.
- Do board quotas improve female career opportunities and salaries?
- Do board quotas affect the performance of the companies?





# What does the **ECONOMICS** profile offer?

- **Mandatory courses**
  - Solid introduction in *macroeconomics*, *microeconomics* and *econometrics* that give you the basic tools to understand and analyse central economic problems.
- **Elective courses**
  - Broad spectrum of *elective courses* that give possibility for specialization in fields of interest, that can form the basis for a masters thesis.
- **Advanced courses**
  - Focus on both methodological and thematic deepening that give excellent analytic abilities, and possibility for *research distinction*.



# Where do you start working if you take the **ECONOMICS PROFILE**?

- Private
  - Consulting and analysis
  - Larger companies including banks, insurance, media, telecom, energy, oil, etc.
- Public
  - Norges Bank, Ministries, Directorates og Regulators.
- International organisations
  - World Bank, IMF, OECD, etc.
- Basically wherever you want (outside revision 😊)



# Structure of study program

- Master total 120 sp.
  - Course 90 sp. (12 courses with each 7,5 sp.)
  - Master thesis 30 sp.
- Main profile (major) 45 sp.
  - 6 courses (incl. Mandatory courses)
- Support profile (minor) 22,5 sp.
  - 3 courses (elective, but with profile-code)
- Elective courses 22,5 sp.
  - 3 courses (abroad)





# Mandatory courses in **Economics**

- **Macroeconomics** (Doppelhofer, Molnar)

- Growth and business cycles
- Inflation and employment
- Monetary and fiscal policy



- **Microeconomics** (Kristiansen, Schroyen)

- Demand and consumer behaviour
- Competition and firm strategy
- Market structure and information



- **Econometrics** (Balsvik, Bennett, Nilsen)

- Regression analysis and identification
- Panel data methods
- Lab exercise and training in Stata





# Macroeconomics

- ECN400 - Macroeconomic Theory and Policy
- ECN430 - Empirical Methods and Applications in Macroeconomics and Finance
  
- ECO425 - International Macroeconomics
- FIE403 - Business Cycle Analysis
- FIE421 - Long-Term Macroeconomic Analysis



# Industrial organisation / market analysis

- ECN431 - Applied Data Analysis of Firm Strategy and Competition
- BUS441 – Competition analysis
- BUS442 – Competition law
- ECO427 – Industrial organisation



# International economics

- (ECN422 – International Economics)
- ECN423 - Development Economics
  
- ECO425 - International Macroeconomics
- (INB427 – Globalisation and Integration)



# Public economics

- ECN426 – Challenges to the welfare state
- ECN427 – Cost-benefit evaluation
- ECN428 - Economic policy in the 19. and 20. century
  
- ECO441 – Taxations, decision making and economic policy
- FIE441 - Taxes and Business Strategy



# Resources and environmental economics

- ECN420 - Petroleum Economics
- ECN429 - The Economics of Aquaculture and Fisheries Management
  
- ECO439 - Resource Economics
- ENE423 - Environmental Economics



## Other courses

- ECN421 - Behavioural Economics
- ECN425 - Labour Economics
  
- ECO401 – Optimization and Economic Theory
- ECO433 - Empirical Strategies for Causal Analysis
- ETI450 - Corporate Social Responsibility



## Empirical courses

- ECN402 - Econometric Techniques
- ECN421 - Behavioural Economics
- ECN430 - Empirical Methods and Applications in Macroeconomics and Finance
- ECN431 - Applied Data Analysis of Firm Strategy and Competition
  
- ECO433 - Empirical Strategies for Causal Analysis





## Advantages of the **ECONOMICS** profile!

1. Give solid economic knowledge and skills and the foundation in the subject to a larger extent than other profiles.
2. Focus on the development of analytic skills, while giving the possibility for thematic specialisation.
3. Good analytic capabilities and practical skills are key in your future career and support professional flexibility.



# GOOD CHOICE!

- If you have further questions, please contact me:
  - Email: [Gernot.Doppelhofer@nhh.no](mailto:Gernot.Doppelhofer@nhh.no)
  - Telefon: 55959360
  - Office: E241, New building, 2nd floor



# EXTRA SLIDES

# MAJOR IN ECONOMICS

## MANDATORY



Code	Name	Stp	Semester	
ECN400	Macroeconomic Theory and Policy ▶	7.5	Autumn	Spring
ECN401	Applied Microeconomic Theory ▶	7.5		Spring

## EMPIRICAL METHODS - MANDATORY

Code	Name	Stp	Semester	
ECN402	Econometric Techniques ▶	7.5	Autumn	Spring

## MASTER'S THESIS

Code	Name	Stp	Semester	
ECNTHE	Independent Work/Thesis ECN ▶	30	Autumn	Spring

## ELECTIVES - MAJOR IN ECN

Code	Name	Stp	Semester	
ECN420	Petroleum Economics ▶	7.5	Autumn	
ECN421	Behavioral Economics ▶	7.5	Autumn	Spring
ECN422	International Economics ▶	7.5	Autumn	
ECN423	Development Economics ▶	7.5	Autumn	
ECN424	Competition Policy (expired)	7.5		Spring
ECN425	Labour Economics ▶	7.5	Autumn	
ECN426	Challenges for the Welfare State ▶	7.5		Spring
ECN427	Cost-Benefit Analysis ▶	7.5	Autumn	
ECN428	Economic Policy in the Nineteenth and Twentieth Century ▶	7.5	Autumn	
ECN429	The Economics of Aquaculture and Fisheries Management ▶	7.5		Spring
ECN430	Empirical Methods and Applications in Macroeconomics and Finance ▶	7.5	Autumn	Spring
ECN431	Applied Data Analysis of Firm Strategy and Competition ▶	7.5		Spring
BUS441	Competition Analysis ▶	7.5	Autumn	
BUS442	Competition - Law and Economics ▶	7.5	Autumn	
ECO401	Optimization and Microeconomic Theory ▶	7.5	Autumn	
ECO425	International Macroeconomics ▶	7.5		Spring
ECO427	Industrial Organization ▶	7.5		Spring
ECO433	Empirical Strategies for Causal Analysis ▶	7.5		Spring
ECO439	Resource Economics ▶	7.5		Spring
ECO441	Taxes, Private Decision-Making and Public Policy ▶	7.5		Spring
ENE423	Environmental Economics ▶	7.5	Autumn	
ETI450	Corporate Social Responsibility ▶	7.5		Spring
FIE403	Business Cycle Analysis ▶	7.5	Autumn	Spring
FIE421	Long-Term Macroeconomic Analysis ▶	7.5	Autumn	
FIE441	Taxes and Business Strategy ▶	7.5		Spring





# Who should set prices of books – publishers («fixed prices») or bookstores («free prices»)?

**Bokpolitikk.** Leserne og forfatterne har felles interesse av at det blir et konkurransepress mot hele verdikjeden, fra forfatter til leser.

## Ikke grunnlag for boklov

### Kronikk

**Tommy Staahl Gabrielsen**  
professor,  
Universitetet  
i Bergen

**Lars Sorgard**  
professor i  
samfunns-  
økonomi, Norges  
Høgskole i Oslo

at et slikt system vil føre til høyere bokpriser. Bokbransjen selv synes å være av samme oppfatning, så la oss ta dette som en premis for diskusjonen. Det hevdes at høye bokpriser er gunstig fordi det fremmer kunnskaps- og kulturpolitiske hensyn som blant annet større bredde, bedre kvalitet, tilgjengelighet, lesefredighet og kunnskapsakkumulasjon. Det er behov for offentlige inngrep, og det er ikke vanskelig å argumentere for både innkjøpsordning og momsfrigjøring, for å nevne to eksempler. Spørsmålet er

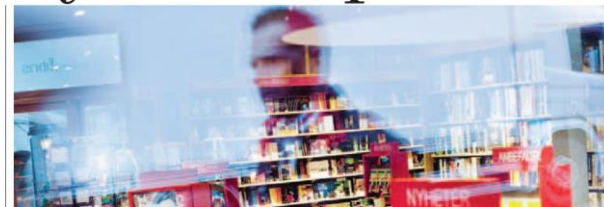
dreining mot konkurranse på kvalitet, men det betyr ikke nødvendigvis høyere kvalitet. Forlagene ønsker å tiltrekke seg nye kunder gjennom tilbud av kvalitetslitteratur, og tilpass seg nye kundene ved å tilby billigere bøker. Det er ingen grunn til å tro at innkjøpsprisen fra forlagene til bokhandlerne er uforanderlig, skriver **Oystein Foros** og **Hans Jarle Kind**. Dette illustrerer at det er slik at en ordning som automatisk leder til at

Det er ingen grunn til å tro at innkjøpsprisen fra forlagene til bokhandlerne er uforanderlig, skriver **Oystein Foros** og **Hans Jarle Kind**.

## Fastprissystem betyr ikke høyere bokpriser

### DEBATT Bøker

Debatten om bokpriser postulerer mange at bokene blir dyrere når forlagene bestemmer prisene. Dette synes å bygge på en implisitt antagelse om at innkjøpsprisen fra forlagene til bokhandlerne er hugget i stein, hvilket opplagt er galt.



### Bananrepublikk

For en uke siden var noe som ble kalt «en gammel bokhandler» medlem til støtte i Litteraturskiftet i Oslo for å diskutere bokloven for en egen boklov i Norge. Begrepet «gammel bokhandler» er et uttrykk for et uttrykk som har blitt brukt i mange år for å beskrive en bokhandler som har vært i bransjen i mange år. Det er et uttrykk som har blitt brukt i mange år for å beskrive en bokhandler som har vært i bransjen i mange år.

### Kamajø ikke så rart siden 2013 i profesoren

Spørsmålet er om det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren. Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren.

### Med dagens kartellregime er bokprisen fast

Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren. Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren.

### Norge har verdens høyeste bokpriser

Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren. Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren.

### En boklov er stalinisme. 59 år etter at Stalin døde

Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren. Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren.

### Enda mer spesiell er det hvordan forfatterne

Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren. Det er noe som har skjedd i profesoren, eller om det er noe som har skjedd i profesoren.

**TRYGVE HEGNAR**

Ne Ar Al St ral Ne ræ ov for  
-1 da sis go TI Ca CI he -1 -1 so so mc av

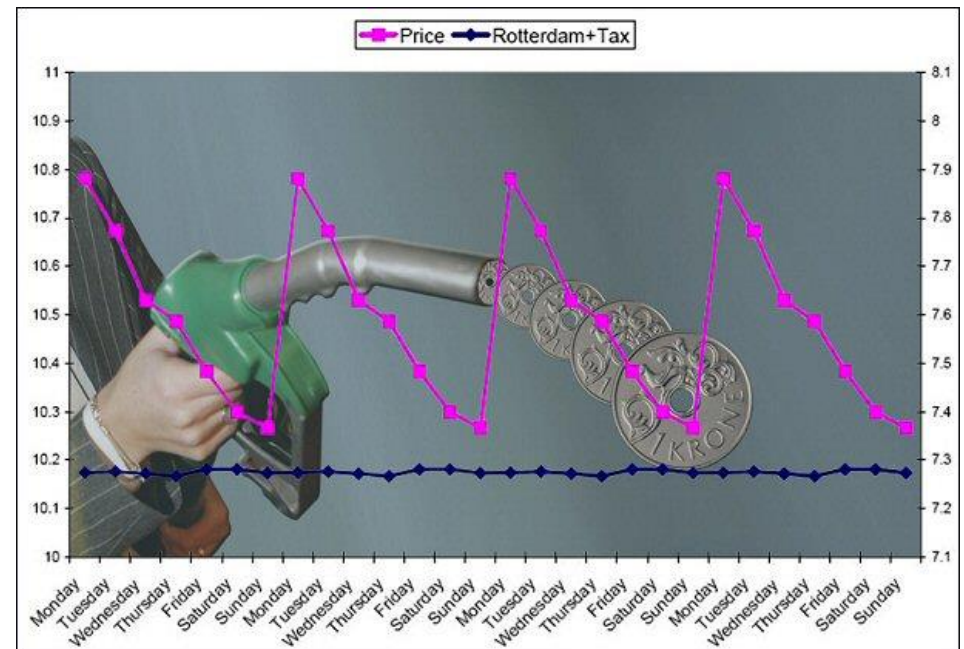


# Competition in the gasoline market

- NCA accepted St1 acquisition of Shell retail, but required remedies: Sell of the old station and local organization
- Concern for market power and collusion.
- Weekly price cycles determined by RPM rules determine your local gasoline price.
  - *BUT: Are the price cycles evidence for collusion?*



**St1 Nordic Oy overtar Shells nedstrømsvirksomhet i Norge**





# Strategic establishment and pricing

- Pfizer developed the drug Sinequan (active ingredient Doxepin).
- What is the market dynamics once the patents runs out?
- Can Pfizer prevent generic producers to enter the market?
- How can generic producers generate profits?
- How does Pfizer price the product once generic producers are present?

