



APPLIES TO ACADEMIC YEAR 2012/2013

DRE 4007 Advanced Macroeconomics

Programme

Finance and Economics

Responsible for the course

Tommy Sveen

Department

Department of Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Learning outcome

The course consists of two parts. The first part gives the students an introduction to recursive macroeconomics. This part is about "language" and techniques and the goal is to give the course participants methodological tools for advanced research in macroeconomics. The focus is on models with microfoundation, that is on models where behavior is derived from household's preferences and firm's production technology etc.

The topic of the second part is recent advances in monetary economics. The goal is to introduce students to recent advances in New Keynesian theory. Those models have become a standard tool for central banks and they are used as a framework for much modern research in macroeconomics. The course will focus on important extensions of the canonical New Keynesian model.

Prerequisites

Admission to a PhD Programme is a general requirement for participation in PhD courses at BI Norwegian Business School.

External candidates are kindly asked to attach confirmation of admission to a PhD programme when signing up for a course with the doctoral administration. Other candidates may be allowed to sit in on courses by approval of the courseleader. Sitting in on courses does not permit registration for courses, handing in exams or gaining credits for the course. Course certificates or conformation letters will not be issued for sitting in on courses

Compulsory reading

Articles:

A complete list of articles will be handed out at the beginning of the course

Recommended reading

Course outline

Part 1: Long-run economic growth and fiscal policy (ES)

List of topics:

Consumption and investment

Optimal resource allocation over time: The Ramsey-Cass-Koopmans model

Overlapping generations models of closed and open economies: Effects of public debt and pay-as-you-go pension systems.

Fiscal policy, intergenerational risk sharing

Endogenous growth theory, the role of social infrastructure/institutions.

Part 2: Monetary Policy, Inflation and the Business Cycle (TS)

List of topics:

Monetary Policy, the Canonical New Keynesian Model, and the Cost of Business Cycles
Sticky Wages and Capital Accumulation
Monetary Policy and the Open Economy
Unemployment Dynamics and Sticky Prices
Financial Frictions in Credit Markets

Computer-based tools

Learning process and workload

Course structure and grading

There will be 10 lectures, 5 lectures on each part. Students are required to participate in class – both in discussions and by presenting models/material from the reading lists – as well as solve and hand in solutions to exercises and problems.

Workload (6 ECTS)

Lectures, 30 hours

Specified learning activities (including reading), 60 hours

Autonomous student learning (including exam preparation), 90 hours

Total 180 hours

Examination

The final grade is pass/fail. 30 hours home exam.

Examination code(s)

DRE 40072 will account for 100% of the grade

Examination support materials

Not applicable

Re-sit examination

The next time the course is offered

Additional information

Honour Code

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honour code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honour code system, to which the faculty are also deeply committed.

Any violation of the honour code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honour code, please ask.