APPLIES TO ACADEMIC YEAR 2015/2016

DRE 4007 Advanced Macroeconomics

Programme
Finance; 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 monetary economics. The goal is to introduce students to New Keynesian theory, which has become the standard tool for central banks and is used as a framework for much modern research in macroeconomics.

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 confirmation letters will not be issued for sitting in on courses.

Compulsory reading
Books:
Galí, Jordi. 2008. Monetary policy, inflation, and the business cycle : an introduction to the New Keynesian framework. Princeton University Press
Ljungqvist, Lars and Thomas J. Sargent. 2012. Recursive macroeconomic theory. 3rd ed. MIT press

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

Other:
During the course there may be hand-outs and other material on additional topics relevant for the course and the examination

Recommended reading

Course outline
Part 1: Recursive macroeconomics

List of topics:
Dynamic programming
- Consumption and saving
- Capital accumulation and investment

- General equilibrium

Stochastic dynamic programming

Part 2: Monetary Policy, Inflation and the Business Cycle

List of topics:
The canonical new Keynesian model
Monetary policy and the cost of business cycle fluctuations
Sticky wages and capital accumulation

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
3 hour written exam graded with pass/fail.

Examination code(s)
DRE 40073 written exam will account for 100% of the grade

Examination support materials
Not applicable

Re-sit examination
Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam.

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.