



APPLIES TO ACADEMIC YEAR 2016/2017

DRE 4007 Advanced Macroeconomics

Programme

Finance, Economics

Responsible for the course

Alfonso Irarrazabal

Department

Department of Economics

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Learning outcome

This course is an introduction to macroeconomic theory. It is also about tools and techniques used in advanced research in macroeconomics. The course consists of three parts. The first part gives the students an introduction to modern growth theory. We will cover the three models used in modern growth theory. Emphasis will be provided in terms of the microfoundations of these models. The topic of the second part is equilibrium macroeconomics models. We will start with the main results in recursive macroeconomics models including an introduction to dynamic programming. Then, we will review the main theories of consumption, investment and labor markets. The third topic is business cycle. We will start describing the standard real business cycle model. Then, we will cover the monetary models of business cycle. We will explore the issue related to the non-neutrality of money using modern dynamic

stochastic equilibrium
models (DSGE)
framework.

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:

Acemoglu, D. 2009. An Introduction to Modern Economic Growth. Princeton University Press

Miao, J. 2014. Economic Dynamics in Discrete Time. The 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

Books:

Ljungqvist, Lars and Thomas J. Sargent. 2012. Recursive macroeconomic theory. 3rd ed. MIT press

Course outline

Growth theory

Neoclassical growth
Endogenous growth
Overlapping generation
models
Problem set 1

Equilibrium models

Dynamic programming
Consumption theory
Investment theory
Search theory
Problem set 2

Business cycle and topics

Real business cycle
Monetary models
Topics: irreversibility
Problem set 3

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.

The exam will be graded with pass/fail.

Examination code(s)

DRE 40073 written exam will account for 100% of the grade

Examination support materials

BI approved exam calculator.

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.