



APPLIES TO ACADEMIC YEAR 2016/2017

## GRA 6639 Business Cycles

### Programme

Master of Science in Business, Master of Science in Business (Economics), Specialization Course

### Responsible for the course

Hilde C Bjørnland

### Department

Department of Economics

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

This course is a graduate level course in macroeconomics, allowing theory to meet data. A special focus is on economic fluctuations and policies. To that end, the approach adopted emphasizes the dynamic dimension of interesting macroeconomic problems.

### Learning outcome

The aim of this course is to expose the students to current macroeconomic theories and their implications for understanding key macroeconomic issues. This course is organized in a sequence of topics, where we address each topic in detail using both theory and econometric methods. The empirical relevance of the different theories will be critically assessed. The course focuses on economic fluctuations in open economies, covering topics such as (i) the stylized facts of business cycles and the role of different shocks in the cycle, (ii) advanced theories of the business cycles (quantitative macroeconomics) (iii) the role of monetary policy and the business cycle, (iv) commodities and macroeconomics

### Prerequisites

GRA 6634 Advanced Macroeconomics or equivalent

All courses in the Masters programme will assume that students have fulfilled the admission requirements for the programme. In addition, courses in second, third and/or fourth semester can have specific prerequisites and will assume that students have followed normal study progression. For double degree and exchange students, please note that equivalent courses are accepted.

### Compulsory reading

#### Books:

Krueger, Dirk. 2007. Quantitative macroeconomics : an introduction. (Lecture notes) chpt. 1-11.. Gratis tilgjengelig: <http://www.e-booksdirectory.com/details.php?ebook=2831>

Romer, David H. 2012. Advanced macroeconomics. 4th ed. McGraw-Hill/Irwin

#### Articles:

A number of articles relevant for the topics will be distributed

Bjørnland, Hilde C. 2000. "Detrending Methods and Stylized Facts of Business Cycles in Norway - An international comparison". *Empirical Economics*. 25(3). 369-392

Bjørnland, Hilde og Leif Anders Thorsrud. Forthcoming. Boom or Gloom? Analysing the Dutch disease in two speed economies. *Economic Journal*

Galí, Jordi and Pau Rabanal. 2004. Technology shocks and aggregate fluctuations : how well does the RBC model fit postwar U.S. data?. National Bureau of Economic Research. NBER working paper 10636

King, R.G. and S.T. Rebelo. 2000. Resuscitating Real Business Cycles. NBER Working Paper. No. w7534

#### Other:

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

### Recommended reading

#### Articles:

Bjørnland, H.C. and K. Leitemo. 2009. "Identifying the Interdependence between US Monetary Policy and the Stock Market". *Journal of Monetary Economics*. 56(2). 275–282

Christiano, Lawrence, Martin Eichenbaum, and Sergio Rebelo. 2011. When is the Government Spending Multiplier Large?. *Journal of Political Economy*. 119 (1)

Galí, Jordi, David López-Salido and Javier Vallés. 2007. Understanding the Effects of Government Spending on Consumption". *Journal of the European Economic Association*. 5 (1). s. 227-270

Kydland, F. E. and E. C. Prescott. 1990. Business cycles : Real facts and a monetary myth. *Quarterly review* Federal Reserve Bank of Minneapolis. Spring. p. 3-18

Plosser, C. (1989):. "Understanding Real Business Cycles". *Journal of Economic Perspectives*. vol 3(3). pp. 51-77.

Romer, C.R. (1999):. "Changes in Business Cycles: Evidence and Explanations. *Journal of Economic Perspectives*. 13. 23-44.

**Course outline**

1. Stylized facts of business cycles
  - Measuring business cycles (trend - cycles)
  - The role of leading indicators
  - Sources of business cycles, a story of different shocks
2. Advanced theories of business cycles (quantitative macroeconomics)
  - Real Business Cycle models
  - Can economic fluctuations be explained by technology shocks?
3. New Keynesian models and monetary policy
  - New Keynesian Phillips curve
  - Taylor rules
4. Commodities and macroeconomics
  - The role of oil price shocks for oil importing and exporting countries
  - Optimal policy for resource rich economies

**Computer-based tools**

**Learning process and workload**

A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

**Examination**

A group project/presentation with 4-5 students in each group and written final exam (3 hours )

Form of assessment	Weight	Group size
Presentation	20%	
Written examination 3 hours	80%	Individual

Specific information regarding student assessment will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several components of the overall assessment. This is a course with continuous assessment (several exam components) and one final exam code. Each exam component is graded using points on a scale from 0-100. The final grade for the course is based on the aggregated mark of the course components. Each component is weighted as detailed in the course description. Students who fail to participate in one/some/all exam components will get a lower grade or may fail the course. You will find detailed information about the points system and the mapping scale in the student portal @bi. Candidates may be called in for an oral hearing as a verification/control of written assignments.

**Examination code(s)**

GRA 66394 continuous assessment accounts for 100 % of the final grade in the course GRA 6639.

**Examination support materials**

BI approved exam calculator

Bilingual dictionary

Permitted examination support materials for written examinations are detailed under examination information in the student portal @bi. The section on support materials and the use of calculators and dictionaries should be paid special attention to.

**Re-sit examination**

It is only possible to retake an examination when the course is next taught. The assessment in some courses is based on more than one exam code. Where this is the case, you may retake only the assessed components of one of these exam codes. All retaken examinations will incur an additional fee. Please note that you need to retake the latest version of the course with updated course literature and assessment. Please make sure that you have familiarised yourself with the latest course description.

**Additional information**

Honour code. Academic honesty and trust are important to all of us as individuals, and are values that are integral to BI's honour code system. Students are responsible for familiarising themselves with the honour code system, to which the faculty is deeply committed. Any violation of the honour code will be dealt with in accordance with BI's procedures for academic misconduct. Issues of academic integrity are taken seriously by everyone associated with the programmes at BI and are at the heart of the honour code. If you have any questions about your responsibilities under the honour code, please ask. The learning platform itslearning is used in the teaching of all courses at BI. All students are expected to make use of itslearning.