

Syllabus Macroeconomics III

University of Copenhagen, 2024

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February 2024

Instructor

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Lecture dates

Thursdays, Weeks 46-41 & 43-50 in CSS 35-01-05, 1000h-1300h
Lecture materials available on [GitHub](#)

Assessment

Exam : 3 hours, closed book, no aids, graded on 7 point scale

Assignments : Passing 2 out of 3 is mandatory for final exam

Deadline I : Sep 29

Deadline II : Oct 27

Deadline III : Nov 22

Problem Sets : Weekly, to be discussed in class with TAs, not part of grade

Reading

DR: Romer, D., Advanced Macroeconomics; McGraw Hill, fifth edition

PT: Persson, T. and G. Tabellini, Political Economics; MIT Press 2000

SG: Schmitt-Grohe, S. and M. Uribe, M. Woodford, International Macroeconomics; [link](#)
AK: Azzimonti, M. et al, Macroeconomics; [link](#)

📖[Topics]

1. Introduction to the course; two period model AK 1
2. Household optimization & the Ramsey model in discrete time. Capital accumulation. Phase diagram analysis. DR 2.6; AK 2.1, 4.1-4.2, 4.A.4
3. Welfare, government spending, response to anticipated and unanticipated shocks, public debt and Ricardian equivalence. DR 2.7, AK 13.4
4. Overlapping generations: The Diamond model. Household intertemporal optimization with finite lives. Dynamic efficiency. DR 2.8-2.11, AK 6.4-6.5
5. Labor leisure choice. Uncertainty. (TBA)
6. The Real Business Cycle Framework DR 5.3-5.5, AK 12.1-12.4
7. Labor markets: labor search, unemployment, wage determination, bargaining, the Beveridge curve AK 18
8. Monopolistic Competition: introduction of prices, coordination failure, efficiency, price adjustment costs DR 6.5-6.6, AK 6.3
9. Expectational difference equations and the Phillips Curve (TBA)
10. The New Keynesian Model light: rigid prices, Fischer and Taylor contracts, output stabilization DR 7.3-7.4
11. The New Keynesian Model: Calvo prices, the Phillips and IS curves, output stabilization DR 7.3-7.4
12. Optimal monetary policy: credibility vs discretion, credibility and reputation in monetary policy, central bank institutions PT 15.1-15.4; 17.1-17.2
13. Open economy macro: current account, net foreign asset position, the trade balance as insurance mechanism, the real exchange rate, gains from trade SG 3,6,9
14. Recap lecture