INSTITUT FÜR HÖHERE STUDIEN
INSTITUTE FOR ADVANCED STUDIES
Vienna

TU WIEN CONTINUING EDUCATION CENTER

M.Sc. Economics

Code:	017.911	**Type:**	M.Sc. 2010 – 2012 2nd year, fall 2011

Title:	Macroeconomics III

Lecturer:	Tamás Papp, Michael Reiter

ECTS:	7	**Contact hours (per term):**	40

Semester:	Fall 2011	**Frequency of the lecture:**	Twice a week

Dates:	September 26, 2011 until December 7, 2011

Prerequisites:	Macroeconomics I and Macroeconomics II

Learning objectives (What are the intended learning outcomes? Which skills will be acquired?):

The course will cover topics in macroeconomics, including (1) RBC models, (2) New Keynesian DSGE models, (3) frictional labor markets, (4) incomplete financial markets and wealth heterogeneity. As some of the course materials will be provided in the form of articles, reading and understanding articles is an additional general skill that will be introduced gradually.

Content (Which professional competence and which contents will be imparted?):

First half

- Poisson process. HJB equations as limits of discrete-time Bellman equations. Partial equilibrium models of frictional labor markets. Application: the mean-min ratio.
- The basic Mortensen-Pissarides model and the Shimer puzzle.
- Diamond paradox, Burdett-Mortensen model.
- Review of recursive equilibrium and other equilibrium concepts. Blanchard-Yaari perpetual youth model.
- Standard incomplete markets model, computation of the equilibrium.
- Wealth distribution.
- Aggregation, approximate aggregation.

Second half

- The standard RBC model: theory, calibration, computation and interpretation of the results
- The nature of technology shocks: neutral versus investment specific; empirical evidence
- Price stickiness and the benchmark New Keynesian model
- The monetary transmission mechanism.
- Financial frictions in macro models.

Teaching approach (Description of the learning and teaching methods):

Lecture and group work.

Workload (Definition of workload (ECTS), divided in pre-modules (e.g. pre-readings), core-modules (contact hours), post-modules (e.g. case studies)):

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M.Sc. Economics

Language of instruction (Information on the language of teaching):
English

Obligatory literature (E.g. scripts, books, articles, cases, papers):
Detailed bibliography with journal articles will be provided in the course.

Additional literature (E.g. books, articles, cases, papers):
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Mode of examination (Mode of the examinations and tests (e.g. oral or written examination, lecture, homework, papers, class participation):
The grade will be based on a combination of homeworks and written midterm and final examinations.

Grading:
▪ Homeworks (20%) ▪ Midterm examination (30%) ▪ Final examination (50%)

Special features (E.g. excursion, guest speaker):
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Contact information:	**Office hours:**
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Course website:
https://cecnet.tuwien.ac.at/