

MakØk3, Fall 2010 (blok 2)

Business cycles and monetary stabilization policies

Teaching:

6 hours of combined lecturing and exercises per week

Contents:

The classical Monetary Model. The Basic New-Keynesian Model. Monetary stabilization policy in the New Keynesian Model. Credibility issues in stabilization policy. Sticky wages and prices and stabilization policy. Monetary policy in the open economy. Applications.

Aim of course:

The aim of the course is to give the student:

- (a) an understanding of the scope and limits of monetary stabilization policy;
- (b) an understanding of the welfare rationale for stabilization policies;
- (c) an ability to address real-life policy issues using the methods used in the course.

Curriculum:

Jordi Galí, 2008, "Monetary Policy, Inflation and the Business Cycle" (Princeton University Press).

Furthermore, some articles will be used

Prerequisites:

MakØk1 and MakØk2.

Exam:

Final exam with censor and with grade given for a 3 hours written exam (closed book).

Re-evaluation: Same as the ordinary evaluation.