

The *Aboa Centre for Economics* organises a doctoral course on

DSGE modelling and open economy macroeconomics

to be lectured by Juha Tervala

The aim of the course (3 ECTS) is to give a detailed introduction to dynamic stochastic general equilibrium (DSGE) modelling. The course also provides basic tools for solving and simulating DSGE models using Matlab so that you can work at the research frontier. The course focuses on the so-called New Open Economy Macroeconomics (NOEM).

The course is free to all doctoral students in economics registered in the Finnish universities. Please note that the students' home departments are responsible for registering the course. Students outside Turku are strongly advised to meet with the representative of the student's home department to discuss the approval of the course. If the student passes the exam, the University of Turku gives a certificate of the course.

Location University of Turku, the seminar room of the Department of Economics

Timetable The course (20 hours) will be lectured in week 45

Monday 2.11: 12-16

Tuesday 3.11: 10-12 and 14-16

Wednesday 4.11: 10-12 and 14-16

Thursday 5.11: 10-12 and 14-16

Friday 6.11: 10-12 and 14-16

Exams the 1st exam will be at the University of Turku on 27.11 at 10-13 and the retake exam perhaps on 15.01.10. The exams are possible to take at the student's home university if the home university is willing to organise them.

Topics

- Introduction to DSGE modelling, New Keynesian Economics and New Open Economy Macroeconomics
 - * Gali, J (2008): Monetary policy, inflation, and the business cycle, chapter 1.
 - Lane, P (2001): New open economy macroeconomics: A survey, *Journal of International Economics* 54, 235-266
 - Lane, P and Ganelli, G (2003): Dynamic general equilibrium analysis: The open economy dimension, in: Altug S, Chadha J, Nolan C (eds.) *Dynamic Macroeconomic Analysis: Theory and Policy in General Equilibrium*, pp. 308-333.
- Monetary and fiscal policy in the small country Obstfeld-Rogoff model
 - * Obstfeld, M and Rogoff, K (1995): Exchange rate dynamics redux (appendix), *Journal of Political Economy* 103, 624-660 / * Obstfeld, M and Rogoff, K (1996): *Foundations of International Macroeconomics*, chapter 10.2
- Monetary policy in a small country model with sticky wages
 - * Obstfeld, M and Rogoff, K (1996): *Foundations of International Macroeconomics*, pp. 706-711
- Solution and simulations techniques
 - McCallum, B (2001a): "Software of RE analysis"
 - McCallum, B (2001b): Should monetary policy respond strongly to output gaps? *American Economic Review: Papers and Proceedings* 91, 258-262
- The international transmission of economic shocks in the Obstfeld-Rogoff (Redux) model
 - Mark N (2001) *International Macroeconomics and Finance: Theory and Econometric Methods*, chapter 9
 - * Obstfeld, M and Rogoff, K (1995): Exchange rate dynamics redux, *Journal of Political Economy* 103, 624-660

- * Obstfeld, M and Rogoff, K (1996): Foundations of International Macroeconomics, chapter 10
 - * Tervala, J (2007): Technology shocks and employment in open economies, Economics: The Open-Access, Open-Assessment E-Journal 1, 2007-15 (version 2)
 - * Tervala, J (2009): The international transmission of monetary policy in a dollar pricing model, Open Economies Review, forthcoming
 - Walsh, C E (2003): Monetary Theory and Policy 2nd edition, chapter 6
- Extensions to the basic NOEM framework

Further information and the course material will be found at <http://ace-economics.fi/>

And finally “According to David Colander, who has twice surveyed the opinions of economists in the best American PhD programmes, macroeconomics is often the least popular class. “What did you learn in macro?” Mr Colander asked a group of Chicago students. “Did you do the dynamic stochastic general equilibrium model?” “We learned a lot of junk like that,” one replied.” The Economist 12.07.09