



Advanced Macroeconomic Analysis I (AMA)

Winter Term 2022/2023

Prof. Lutz Weinke, Ph. D.

Institute of Economic Policy
Humboldt-Universität zu Berlin
Spandauer Straße 1
10178 Berlin

December 14th 2022

1 Schedule

Lecture and Tutorial (VL/UE)	Wed.	08:30–12:00	Ostrom-Hall, DIW Berlin, Mohrenstraße 58, 10117 Berlin
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2 Lecturer

	Office Hour (In person)	E-Mail
Prof. Lutz Weinke (VL/UE)	Mon 13:15–14:15, registration at: wpol@wiwi.hu-berlin.de	lutz.weinke@wiwi.hu-berlin.de

3 Content and structure of the course

The objective of this course is to teach M.A. and Ph.D. students to use macroeconomic concepts and techniques for their own research.

The focus of the course lies on dynamic stochastic general equilibrium (DSGE) models used for positive and normative macroeconomic analysis. Throughout the course, special emphasis will be put on the fact that theory can be used as a lens to analyze data. To this end a number of theoretical and empirical concepts are presented: The computation of impulse response functions, structural vector autoregressions, as well as structural estimation. The course concludes with an introduction to Ramsey optimal policy.

There will be a 90-minute in-person exam in February which will cover only Prof. Weinke's part of the course. A separate exam for Prof. Burda's part will take place in December. On a whole, this course provides 6 ECTS points.

4 Literature

Galí, Jordi (2003): *New Perspectives on Monetary Policy, Inflation, and the Business Cycle*, Advances in Economic Theory, edited by: M. Dewatripont, L. Hansen, and S. Turnovsky, Vol. III, 151-197, Cambridge University Press.

Galí, Jordi; Rabanal, Pau (2004): *Technology Shocks and Aggregate Fluctuations: How Well Does the RBC Model Fit Postwar U.S. Data?*, NBER Macroeconomics Annual 19, 225-288.

Galí, Jordi (2018): *The State of New Keynesian Economics: A Partial Assessment*, Journal of Economic Perspectives, Vol. 32 (3), 87-112.

Schmitt-Grohé, Stephanie; Uribe, Martín (2010): *Evaluating the Sample Likelihood of Linearized DSGE Models without the Use of the Kalman Filter*, Economics Letters, Vol. 109(3), 142-143.

Schmitt-Grohé, Stephanie; Uribe, Martín (2012): *An OLS Approach to Computing Ramsey Equilibria in Medium-Scale Macroeconomic Models*, Economics Letters, Vol. 115(1), 128-129.

5 Additional Readings

Excellent textbook treatments of the concepts and techniques presented in this course exist.

With a focus on monetary economics:

Galí, Jordi (2015): *Monetary Policy, Inflation and the Business Cycle*, Second Edition, Princeton University Press.

With a focus on open economy macro:

Uribe, Martín; Schmitt-Grohé, Stephanie (2017): *Open economy macroeconomics*, Princeton University Press.

6 Overview of the Course

	Date	Topic of the Lecture
1	14.12.	Elements of Equilibrium Literature: Galí (2003, 2018) & Galí (2015), Ch.2
2	04.01.	Prices and Marginal Costs Literature: Galí (2003, 2018) & Galí (2015), Ch.2
3	11.01.	Transmission of Economic Shocks Literature: Galí (2003, 2018) & Galí (2015), Ch.3
4	18.01.	Dynamic Consequences of Technology Shocks and Possible Pitfalls in their Estimation I Literature: Galí and Rabanal (2004)
5	25.01.	Dynamic Consequences of Technology Shocks and Possible Pitfalls in their Estimation II Literature: Galí and Rabanal (2004)
6	01.02.	Structural Estimation Literature: Galí and Rabanal (2004) & Schmitt-Grohé and Uribe (2010)
7	08.02.	Ramsey Optimal Policy Literature: Schmitt-Grohé and Uribe (2012)
8	15.02.	Outlook, Revision and Questions Literature: Galí (2018)