Formulation, Estimation and Policy Analysis with DSGE Models

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Background

- Macro, International/Macro has gotten immensely more complicated, and interesting!

- Requires a lot of technical tools:
  - How to solve, estimate, simulate models.
  - Mostly, we will use Dynare. Still, need to know a lot just to tell Dynare what to do and to interpret Dynare results.

- A lot of economics:
  - Integrating financial frictions (and, labor markets) into models.
  - Using a model to answer the question, 'what should policymakers do?'

- Will review a selection of the technical tools and the economics.
  - Will go into depth in the topics.
  - Will apply the ideas on the computer in afternoon sessions.

- The recent/ongoing crisis has greatly increased the pressure to further develop models.

- Most up-to-date outline and materials for the course are available online at http://faculty.wcas.northwestern.edu/~lchrist/course/Korea_2012/syllabus.html