

CAMP

Centre for Applied Macro-
and Petroleum economics



The Centre for Applied Macro- and Petroleum economics (CAMP) at the BI Norwegian Business School invites PhD students and scholars to a

Mini PhD course in Oil Markets and the Macro Economy, June 13-15, Oslo, Norway

Organized by Professors **Hilde C. Bjørnland** (BI) and **Ragnar Torvik** (NTNU and BI)

With guest lecturer Professor **Hashem Pesaran** (USC Dornsife)

The course will cover advanced research in oil market models and discuss links between oil prices and the global economy in oil importing and resource rich economies. Models of resource curse and the Dutch disease (or the lack of) will also be covered, from both a theoretical and an empirical perspective. Details are available from:

<http://web.bi.no/info/kurs2016.nsf/vWebKurslookupEng/DRE+7011>

The mini-course can be accredited as a course if participants complete an assignment at the end. To register for this course please go to:

<https://www.bi.edu/programmes-and-individual-courses/phd/external-candidates/> or email phd@bi.no for questions. There will be no fee for attending the mini-course, but participants are expected to cover their travel and accommodation costs. Note: Some funding is available for accommodation for registered PhD scholars.

For questions about the course content or application for funding, please email hilde.c.bjornland@bi.no.

We hope to see you in Oslo in June!

DRE7011 - Mini PhD course in Oil Markets and the Macro Economy, June 13-15, Oslo, Norway

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Day 1: Tuesday June 13 09:00-14:00 (Ragnar Torvik)

The resource curse literature claims that resource abundance may reduce economic growth, and also makes the economy «oil dependent». Several theoretical foundations have been developed to explain why this may (or may not) be the case. The main focus in the lectures is put on the Dutch Disease part of the literature, although we will also discuss theories of rent-seeking and theories of how resource abundance shapes political incentives. Towards the end of the lectures we will discuss remaining research challenges in these fields.

Day 2: Wednesday June 14, 09:00-14:00 (Hilde C. Bjørnland)

We cover theories and empirical evidence of linkages between oil prices, the macroeconomy and monetary policy, including

- A Structural Model of the Global Market for Crude Oil
- What drives oil prices, demand or supply?
- Are Macroeconomic Responses Asymmetric in Oil Price Increases and Decreases?
- Spillovers of oil and gas in resource rich economies

Day 3: Thursday June 15, 09:00-12:00, 15:00-17:00 (Hashem Pesaran)

The final part of the course is given by leading scholar in the field, Professor Hashem Pesaran. Pesaran will give a brief account of GVAR modelling for the analysis of interconnections across the countries/regions, followed by analyses of how oil price shocks affect the macroeconomy from a multi-country perspective.

NOTE: During the course, there will be handouts and additional articles relevant for the course and the examination

Day 1: Dutch disease and windfall gains - theory (Ragnar Torvik)

- Corden, W. M. and J. P. Neary (1982). Booming sector and de-industrialisation in a small open economy. *The Economic Journal* 92 (368), 825-848.
- Krugman, P. (1987). The narrow moving band, the Dutch disease, and the competitive consequences of Mrs. Thatcher: Notes on trade in the presence of dynamic scale economies. *Journal of development Economics* 27 (1), 41-55.
- Torvik R.. (2001). Learning by doing and the Dutch disease. *European Economic Review*. 45. 285-306
- van Wijnbergen, S. (1984). The "Dutch Disease": a disease after all? *The Economic Journal* 94 (373), 41-55.

Day 2: Oil price shocks and the macroeconomy (Hilde C. Bjørnland)

- Aastveit, K.A., Bjørnland, H.C. and L.A. Thorsrud (2015). "What drives oil prices? Emerging versus Developed Economies". *Journal of Applied Econometrics*, 30(7), 2015, 1013–1028.
- Allcott, H. and D. Keniston (2014). Dutch disease or agglomeration? The local economic effects of natural resource booms in modern America. Working Paper 20508, National Bureau of Economic Research.
- Baumeister, C. and J.D. Hamilton (2015). "Structural Interpretation of Vector Autoregressions with Incomplete Identification: Revisiting the Role of Oil Supply and Demand Shocks", mimeo.
- Baumeister, C. and G. Peersman (2013). "The role of time-varying price elasticities in accounting for volatility changes in the crude oil market". *Journal of Applied Econometrics* 28(7), 1087-1109.
- Bjørnland, H.C. and L.A. Thorsrud (2016). "Boom or gloom? Examining the Dutch disease in two-speed economies". *Economic Journal*, vol. 126(598), 2219-2256.
- Bjørnland, H.C. and L.A. Thorsrud (2015). "Applied time series for Macroeconomics" Gyldendal Akademiske (chapter 7, 8 and 10)
- Caldara, D., Cavallo, M. and M. Iacoviello (2016). "Oil Price Elasticities and Oil Price Fluctuations," mimeo.
- Hamilton, J.D. (1983). "Oil and the Macroeconomy Since World War II". *Journal of Political Economy*. 91, 228-248.
- Hamilton, J.D. (2009). "Causes and Consequences of the Oil Shock of 2007-08". *Brookings Papers on Economic Activity*, 1, Spring. 215-261
- Kilian, L. (2009). "Not all Oil Price Shocks Are Alike: Disentangling Demand and Supply Shocks in the Crude Oil Market". *American Economic Review*, 99. 1053-1069
- Kilian, L. and D. Murphy (2014). "The role of inventories and speculative trading in the global market for crude oil". *Journal of Applied Econometrics*, 29(3), 454-478.

Day 3: Oil and the macro from a multicountry perspective (Hashem Pesaran)

- Pesaran, M. H. (2015). “*Time Series and Panel Data Econometrics*” OUP Oxford. (Final part)

https://www.amazon.co.uk/Time-Panel-Econometrics-Hashem-Pesaran/dp/0198759983/ref=sr_1_1?s=books&ie=UTF8&qid=1496080149&sr=1-1&keywords=time+series+and+panel++data

- Mohaddes, K. and Pesaran, M. H (2016) “Country-specific oil supply shocks and the global economy: A counterfactual analysis” *Energy Economics* 59, 382–399.
- Mohaddes, K. and Pesaran, M. H (2017) “Oil Prices and the Global Economy: Is It Different This Time Around?” mimeo