

ECON 8344—Macroeconomic Theory III

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WEB-page: to come (the class WEB-page will be accessible from my home-page: www.uh.edu/~bsorensen)

Hours: Tuesday 2-3 pm, by appointment, and just drop by.

Course Description

Readings:

Textbooks: Romer [R]: Advanced Macroeconomics, 2nd edition, McGraw Hill 2001;

Obstfeld and Rogoff [OR]: Foundations of International Macroeconomics, MIT 1996.

A good supplementary book that I don't think I will directly cover Drazen [D]: Political Economy in Macroeconomics. Princeton University Press 2000.

We may also use Ljungquist and Sargent: Recursive Economic Theory, MIT Press latest edition.

I will focus on subjects of empirical relevance (this reflects my own research and the also reflects the general strength of the department).

I plan to start with the last two chapters of R. This material is also covered more detailed in D. The models in R are simpler and therefore better to teach in order to get the main idea across, but you should also read the material in D. D discuss very recent literature, much of which has not been used much yet in empirical work, and I think that there are many thesis papers that could start from the material discussed in D. The material in those chapters are part of "what every young macro-economist should know" but what we cover beyond that is partly to be decided based on student interest. I expect to cover chapters 6, 9, and 10 of Obstfeld-Rogoff.

Format of class: We will likely have one midterm (maybe only one). The tentative plan is for students to do a presentation (taking up a full class, with my help) each rather than a final. We will decide partly based on student preference.

Computer Work: I encourage you to do some small empirical project for your presentation although it is not a requirement. Not quite a research project, but maybe a simple replication of existing work. I can provide the programs for everything I have worked on in GAUSS and GAUSS code for many other projects can be found on the net. (I had the department acquire the COINT add-on module for GAUSS, this module has pre-programmed most unit-root and co-integration procedures.)

General advice: Mainly for those of you who just passed the core. After the core the tests are mainly a service for you to check yourself and not so much for any other purpose. The upshot is that there will be less pressure on you from exams and you will have to motivate yourself more (I am not going to police how much effort you put into the work). The simple fact is that if you want a decent academic job you have to work more or less all the time including breaks and even for non-academic ph.d. level jobs the competition is absolutely fierce so take your course-work seriously while at the same time thinking every day about which direction you want to take for your thesis. Even if you have only a vague idea of what you want to do for your thesis you should approach me or other professors and discuss your ideas as soon as possible.