

## ECON 8344—Macroeconomic Theory III

**Instructor:** Bent E. Sørensen

**Office:** McElhinney 209A

**Tel:** 713-743-3841

**email:** besorensen@uh.edu

**WEB-page:** <http://www.uh.edu/~bsorensen/ec83442013.html>

**Hours:** By appointment, and just drop by.

### Course Description

#### Readings:

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

I may also use Deaton: Understanding Consumption, 1992.

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

I expect to cover chapters 6, 9, and 10 of Obstfeld-Rogoff. OR's chapter 6 treats the trade-offs that occur when contracts can not be (fully) enforced. This is particularly relevant in international finance (the setting of OR) but the same ideas appears "all over the place" so you should take this very seriously even if you are not planning to do international. The same with chapter 10. This is an example of an optimizing model with neo-classical and Keynesian features (utility optimization and sticky prices, respectively). The model derivation itself is somewhat tedious but you should make the effort to get a feel for this large area of modern macroeconomics.

I have not decided on the rest of the course in the detail but I plan to teach my own interests (including some of my own research) focussed on a) modern models of consumption and b) financial integration. I will consider your input if you have any. For you more independent work, presentation and referee report, you can choose quite freely (although I expect it to be macro).

Advice: If you have passed the core, make sure to think about ideas for papers for your thesis as you take the class. As soon as you have any ideas that you think may lead to a paper ask me or other faculty members if it appears to be feasible and if it is done before!