

ECON 8344—Macroeconomic Theory III

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

Hours: By appointment, and just drop by.

Course Description

Readings:

Textbooks: I will start with chapter 6 of Obstfeld and Rogoff [OR]: Foundations of International Macroeconomics, MIT 1996. We may use chapters from other books, but mainly we will read articles.

I will focus on subjects of empirical relevance (this reflects my own research and the also reflects the general strength of the department). More theoretical articles of empirical relevance are OK, but pure theory is not my field. Articles that use new econometrics methods are also fair game.

I have not decided on the rest of the course in the detail. I will be happy to try and take the students interest into account, but otherwise I plan to teach my own interests (including some of my own research) focussed on a) modern models of consumption, b) financial integration, and c) productivity spillovers.

Look at the WEB-site for this class when I last taught it in 2013, when the class had a heavy focus in international macro, but Liliana now teaches international, so I prefer the class to focus less on international this time. Also look at the WEB-site for my 2014, Dynamic Macroeconomics II, class. That class is very unlikely to be offered again for a while, so any material covered there is fair game for this class (a lot of the material in that class had a “finance flavor,” which you may or may not like).

Students should do a lot more independent work than in the first year courses. I will likely have you write a mock referee report which may be part of the final requirement. Each student should also make a presentation, maybe a full class (in which case, I also speak a lot) although that depends a little on the size of the class (if we are “too many” maybe we will cut down on this). If we do this, I will likely have a final asking questions in the material covered—otherwise, it seems that too many students do not seriously study the material presented by other students.

My interests are not in monetary policy, so we will not touch much on that (go to David Papell for that). I use computational methods in several of my papers, but the division of labor with my co-authors is that I do not program this up, so I cannot help you get started with that, but you can certainly use such methods (like most econometrics, when one knows the principles, one learn it by getting someone’s program and adjusting it from there). German Cubas can help get started. A lot of what I do borders finance or micro. And a lot of the underlying methods are the same across fields, so if you are in the class but really prefer micro, ask me to go over some of my more micro oriented work (for example, my article on the determinants of risk aversion). A lot, if not most, of modern empirical macro uses micro data and the methods used by empirical micro people are becoming part

of the empirical macroeconomist's tool box.

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 has been done before and start reading the literature in the field! The papers you choose for presentations in advanced classes should ideally lead up to a thesis chapter.