Macroeconomics 221C

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Lectures: T 2:30 – 4:50 Location: Bunche 9294

Final Exam: No exam

Office Hours: Monday 2.30 – 3:30 pm, or by appointment.

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Description:
This course is designed as an introduction to doing your own research in macroeconomics. We will cover three sets of topics. First, we will study the simulation and approximation of the solution to economic models with a focus on models of business cycles. Second we will look at a variety of methods for estimating these models. Finally, we will look at a variety of topics to which you might apply these methods.

The course will be a mixture of theory and applied work. You will learn how to formulate Dynamic Stochastic General Equilibrium (DSGE) models and how to estimate their parameters using maximum likelihood and Bayesian methods. In addition to writing your own code, we will be using a set of MATLAB routines contained in the package DYNARE.

Grading:
There will be two assignments worth 20% each and a paper worth 60%. You are encouraged to work with one other person (at most two) and, if you choose, you may submit a single piece of work for the team. If you choose this option, each member of the team will receive the same grade. You may also choose to work with one or two other people, but to submit separate pieces of work. If you choose this option I will grade the work individually. Research is a cooperative venture!

Research Paper:
Your research paper should formulate and estimate a time series macroeconomic model using the methods discussed in class. Assignments 1 and 2 are designed to guide you the process of how to do this. You should have a topic picked out by the end of week 5 and you should be prepared to present your paper in class in the final week or two or the quarter.
How to Write a Paper:
John Cochrane has written an excellent guide for Ph.D. students on how to write papers. You can find it at the following URL: HERE. I also highly recommend that you buy and read the book "A Guide for the Young Economist" by William Thomson (MIT Press).

I do not require a publishable paper for this class (although I don't discourage it either). I do require that your paper be well structured and that you follow the guidelines suggested by Cochrane and Thomson. Your grade will depend on how well you write, as well as on the content of your paper.

Topics:
We will cover some or all of the following topics with additional material as time permits.

A: Methods:

B: Applications:

C: Additional Topics: based on class interest:

Important Dates:
Tuesday October 21st Outline of research paper due.
Tuesday November 25th First Draft of Research Paper Due
Monday December 15th Final Draft of Research Paper Due
Weeks 9 and 10: In class presentation of research papers.

Readings:
Here are two books that will be useful for the first few lectures. I will assign additional readings as the course progresses.


You should also look at
Dynare User’s Manual, 2014 HERE