Macroeconomic Theory - UCLA Masters of Applied Economics Program

Office Hours for Lee Ohanian: Monday, 4 pm to 5 pm, Wednesday, 9 am to 9:45 am, and by appointment.


This course introduces the main topics of macroeconomics analysis, including macroeconomic data and the national income and product accounts, facts about economic growth, dynamic models of economic growth, the supply and demand of the factors of production, models of business cycles, labor markets and unemployment, monetary policy and inflation, and fiscal policy, taxes and deficits.

Required readings will be from the textbook or on the syllabus. I may add a few articles from time to time, and will let you know in advance. Course notes will be posted on the course website.

Lectures - Tuesday, 3 pm to 5:30 pm. Please read the material in advance of the lecture.

Recitation sections will be presented by Ms. Diana Van Patten, who is an advanced Ph.D. student specializing in macroeconomics. The recitation sections will be held in Bunche Hall 2168 on Fridays from 11:00 - 11:50 am, and from 1:00 - 1:50 pm.

**Grades**: The course grade will be determined as follows: midterm exam: 1/3 weight, final exam: 2/3 weight.

If you do not take the midterm exam, and you have a documented illness, which requires a letter from a doctor, then the final exam will be given 100 percent weight. If you miss the midterm without a documented illness, then you will receive no credit for the midterm, and the final will be given 2/3 weight. If you miss the final exam because of a documented illness, then a makeup exam will be scheduled if the request for a makeup exam is approved by the MAE committee.
Course Topics

We will follow each topic as they appear below. I plan on completing all the material listed below, though there is a chance that we will not have enough time to cover all topics. In addition, since this is a new course, I may change the syllabus as we go along. If this is the case, I will let you know.

Week 1. Course Introduction, and understanding macroeconomic data: the National Income and Product Accounts, and other economic statistics.


Weeks 2 - 6. Models of Economic Growth

"The Myth of Asia’s Growth Miracle", Paul Krugman, Foreign Affairs, 1994 (on course website)

Romer Chapter 1 - The Solow Growth Model, sections 1.1 - 1.7
Practice problems: 1.1, 1.3, 1.4, 1.5, 1.9, 1.10

Romer Chapter 2 - The Infinite Horizon Growth Model and the Overlapping Generations Model
Practice problems: 2.1, 2.3, 2.5, 2.14, 2.17
Romer Chapter 3 - Endogenous Growth Models - sections 3.1 - 3.4
Practice problems: 3.1, 3.2, 3.4

Week 7. Understanding Cross-Country Income Differences

Romer, Chapter 4, Sections 4.1 - 4.2

Hall and Jones, "Why Do Some Countries Produce So Much More Output than Others?", Quarterly Journal of Economics, 1999, on class website, read pages 83-97 (sections 1 - 3).
Practice problems: 4.1, 4.3, 4.4

Week 8. Business Cycles
Romer, Chapter 5 - Real Business Cycle Theory

Practice problems 5.4, 5.5, 5.8, 5.9

**Weeks 9 and 10. Monetary and Fiscal Policies**

Romer, Chapter 11, sections 11.1-11.2, 11.8-11.9
Practice problems 11.1, 11.4, 11.6,

Romer, Chapter 12 - sections 12.1 - 12.4
Practice problems 12.1, 12.2, 12.3

**Week 10. Models of Unemployment**

Romer, Chapter 10.1 - 10.2, 10.6 - 10.7
Practice problems 10.9 10.14, 10.15