University of California Los Angeles  
Summer 2018 Session A  
Economics 102 Macroeconomic Theory  

Syllabus  

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http://www.kplatonov.org  

Lectures: MW 10:45am – 12:50pm Humanities A65  
Office hours: MW 1 – 2pm (after class) Bunche 2265  
Course website: https://moodle2.sscnet.ucla.edu/course/view/181A-ECON102-1  

Prerequisites: Econ 1, Econ 2, Econ 11 or their equivalents. Students must be familiar with basic microeconomic concepts: consumer theory, producer theory, and market equilibrium. Students are required to have basic mathematical skills and be able to understand functions, graph them and take their derivatives.  

Description: Economics 102 is a course in intermediate macroeconomics for students who have already taken introductory economic courses. The aims of this course are to introduce students to the theory of how the macroeconomy works and to develop the economic intuition. We will answer the questions: What drives the business cycle? How do shocks to the economy affect consumers’ well-being and the state of the economy? What is the optimal stabilization policy? The course elaborates a simple general equilibrium model with intuitive graphical representations. The course provides both theoretical background and applications to financial crises, recessions, and macroeconomic policies.  

Readings:  

- Lecture notes will be posted on the course website. They will contain all the essential materials for successful completion of this class.  
- N. Gregory Mankiw Macroeconomics. The use of this book is optional. We will refer to only selected chapters and generally will not follow the book closely. Having the textbook is not necessary for successful completion of the class.  

Practice problems: There will be provided non-graded practice problems and solutions to them. These practice problems are intended to develop skills that are necessary to master the course. Students are strongly encouraged to solve these problems. The solutions do not need to be turned in.
**Home assignments:** There will be two home assignments aimed to prepare students for the exams. Tentative due dates are: July 16 and July 30. The assignments must be submitted through the course website. No hard copies will be accepted. No late submissions will be accepted under any circumstances. Students must put their names and their UID on the first page of their homework. After the deadline, the solutions will be posted on the website. Only one of the questions in each assignment will be graded. Students are responsible for checking the solutions to all problems.

In order to submit homework, students may type them up or scan hand-written copy. Free scanners are located in Powell Library and the Young Research Library on campus. There are also free apps, e.g. Dropbox and DocScan, that allow to scan a document from a smartphone. Please note: the solutions must be organized in a single PDF, DOC or any other text file.

If students prefer, home assignments may be completed in a team (up to three students). In this case, a team must submit only one copy with all the names and UID put on the first page. Single-authored submissions are accepted too.

**Exams:** Midterm (Jul 18, 2018) and cumulative final exam (Aug 1, 2018). Make sure now you are available on these dates. Exams will include everything covered in class, the lecture notes, practice problems and home assignments.

**Exam Rules:** All exams are closed-book, closed-note, and closed-neighbor. They will consist of multiple choice questions, true/false questions, and short answer questions. There will be no make-up exams. Calculators, cell phones, smartphones, tablets, laptops and other devices are not allowed.

**Tentative Course Outline:**

<table>
<thead>
<tr>
<th>Date</th>
<th>Week No.</th>
<th>Lecture No.</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Jun 25</td>
<td>1</td>
<td>1</td>
<td>Introduction. National Income Accounting</td>
</tr>
<tr>
<td>Jun 27</td>
<td>2</td>
<td>2</td>
<td>Production Function and Factor Markets</td>
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<tr>
<td>Jul 2</td>
<td>2</td>
<td>3</td>
<td>Loanable Funds Market. Investment and Savings</td>
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<tr>
<td>Jul 4</td>
<td></td>
<td></td>
<td>Independence Day Holiday. No class</td>
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<tr>
<td>Jul 9</td>
<td>3</td>
<td>4</td>
<td>Money, Interest Rates, Price Level, and Inflation</td>
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<tr>
<td>Jul 11</td>
<td>4</td>
<td>5</td>
<td>Solving problems</td>
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<tr>
<td>Jul 16</td>
<td>4</td>
<td>6</td>
<td>Taxation. Keynesian Economics</td>
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<tr>
<td>Jul 18</td>
<td></td>
<td></td>
<td>Midterm (based on lectures 1 – 5)</td>
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<tr>
<td>Jul 23</td>
<td>5</td>
<td>7</td>
<td>The IS/MP Model and the AS/AD Model</td>
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<tr>
<td>Jul 25</td>
<td></td>
<td></td>
<td>Stabilization Policy</td>
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<tr>
<td>Jul 30</td>
<td>6</td>
<td>9</td>
<td>Review</td>
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<tr>
<td>Aug 1</td>
<td></td>
<td></td>
<td>Final Exam (based on lectures 1 – 9)</td>
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**Grading:** The grade for the course is computed in two ways, and the highest score is taken. Let $H$ be the average score for the home assignments, $M$ be the grade received on the midterm exam, and $F$ be the grade received on the final exam. The grade for the course is computed by the following formula:

$$
\max \left\{ 0.1H + 0.45M + 0.45F, \quad 0.1H + 0.15M + 0.75F \right\}.
$$
The conversion of the numerical score to the letter grade takes place at the end of the course when all grades are known. There are no predetermined percentiles assigned to the letter grades.

**Attendance:** Attendance is not mandatory but is highly recommended.

**Questions:** Students may address their questions to the professor in class or during his office hours. Questions via email will not be answered unless they are related to personal or urgent matters. The discussion board available on the course website is a good platform where students can discuss their questions as well.

**Accessible Education:** Any student with a preexisting illness or condition who requests special arrangements must (a) qualify under the Center for Accessible Education (CAE) rules for such special arrangements and (b) must take the exam with the CAE. Any such arrangements with the CAE must be made the first week of classes. The instructor must be informed of any such arrangement in the first week of classes. For additional information and the qualification conditions of the CAE, please visit their website at [http://www.cae.ucla.edu](http://www.cae.ucla.edu). All other students must take the exam at the scheduled time under the same time constraints. It is the responsibility of all students who request special arrangements with the CAE to be familiar with all of their rules as well as the rules of this class.

**Academic Dishonesty:** Any cases of cheating will be reported to the Office of the Dean of Students. For details please refer to the Office of the Dean of Students at [http://www.deanofstudents.ucla.edu](http://www.deanofstudents.ucla.edu).

**Intellectual Property:** Course materials (lecture notes, assignments, and exams) prepared by the professor are property of the professor. Unless explicit permission is obtained from the professor, no course materials may be transmitted or transferred to any other person.

**Disclaimer:** There may be changes in topics or deadlines. Students are responsible for learning of any changes in the syllabus that are announced during class.