

# 251A Econ 102 - Macroeconomic Theory

## Syllabus (preliminary)

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### Weblink to the course

<https://bruinlearn.ucla.edu/courses/210477>

### Logistics

**Lecture time:** Tuesday-Thursday 10.45-12.50.

**Location:** Online on Zoom (link to be determined).

**Office Hours:** Thursdays 3pm-5pm, also on Zoom. Flexible if many people cannot attend.

### Course Objectives

The objective of this course is to introduce students to the core ideas and methods of modern macroeconomics in a unified and accessible manner, requiring only a moderate level of mathematical preparation. Modern macroeconomics is characterized by its use of explicit microeconomic foundations, general equilibrium reasoning, and a focus on how constraints and market imperfections shape aggregate outcomes.

Analyzing the economy as a whole is *very* challenging. As Paul Samuelson—one of the founders of modern economic theory—famously remarked, “macroeconomics, even with all of our computers and with all of our information, is not an exact science and is incapable of being an exact science.” For this reason, the central goal of the course is not to provide definitive answers, but rather to develop a rigorous approach to thinking about macroeconomic questions. In particular, we will emphasize the use of economic models as tools for understanding and reasoning about complex real-world phenomena.

Despite relying on simplifying assumptions, models can illuminate key mechanisms and trade-offs. Often, we will encounter different models offering competing—even contradictory—explanations of the same issue. The course will equip students with the analytical tools necessary to critically assess these arguments and form informed judgments about macroeconomic outcomes, policies, and opinions.

### Prerequisites

It is essential for students enrolled in this course to have a strong background in intermediate microeconomics (Econ 11 or its equivalent), and calculus (Math 31a and 31b or their equivalents). It is crucial to be able to solve optimization problems easily. We will use concepts taught in Econ 2, so **I encourage you to review those concepts**, as I will not go into that much detail.

### Course Materials

I will provide all the slides and practice problems with the relevant content. However, attending the lecture is essential. I will often complement the slides with my take on the content, which will add to the discussion/richness of the class. Everything mentioned during lectures can be tested on an exam.

A complementary reading is "A course in Modern Macroeconomics" by Pablo Kurlat. For a book on the history of economic thought in macroeconomics, see "Modern Macroeconomics" by B. Snowden and H. Vane.

## Communications

All announcements regarding the course will be posted on Canvas (the class website). Make sure to check the class website regularly.

**Email Policy:** I am happy answering emails, although the frequency at which I might be able to do it may vary, so please be patient. Do **NOT** send any messages through Canvas, as I will not read them.

## Practice problems/Exam difficulty

I will do my best to make sure that I give enough practice through quizzes/problem sets/past exams BUT... some questions on the exam will be designed to test understanding of the concepts, NOT how well you can memorize steps of solving past problems. Exams will be approximately 50%: Slightly altered versions of problems you have seen before 50%: Questions that require you to use the tools you have learned in a slightly different context. This is not meant to try to trick you, but to prevent you from just memorizing a procedure without understanding what you are doing.

Do not worry about this: if the exam turns out to be too hard, I will curve the grades upward.

## Grading

The final grade will consist of the following:

- 20% two homeworks, graded on completion, due the Sunday before the exam. These will help you prepare for the exams. However, we need to see that you actually gave an honest shot at solving the problems. If you answer just the first thing that comes to mind, the corresponding grade will be zero.
- 5% one homework due June 30. Handwritten summary of "Science: Conjectures and Refutations" by Karl Popper.
- 25% midterm (August 18, first half of the class).
- 50% final exam (September 10).

## Final

The final will be administered only during the day and time selected by the UCLA Registrar. The final exam will not be administered at another time. No exceptions will be made. **Further information on the logistics and style of the final exam will be provided later in the session.**

Please note the policy stated on the Economics Department website: "Students may not enroll in two courses that have the same meeting and/or exam time. Students are given a warning about the conflict in advance of enrolling in the course to make them aware of the conflict and how this could impact them. The Economics Department does not support any adjustments be made to accommodate students who choose to enroll with a conflict." <https://economics.ucla.edu/undergraduate/current-students/faq/>

## Policy on missed exams

Exams must be taken at one of the scheduled times. Please note that the department policy does not allow any makeup exam to be administered if a student misses a midterm <https://economics.ucla.edu/undergraduate/common-syllabus/>.

If a student has a legitimate reason (by “legitimate reason” I mean something serious and unanticipated) and can provide acceptable documentation of such of an excuse, then additional weight will be placed on the last exam (I make an adjustment based on degree of difficulty if the final exam has a significantly different mean score). Any such documentation, such as a doctor’s note, should clearly state that the student was incapacitated and was therefore unable to take the exam or faced a serious impediment that prevented attendance at the exam. A student who misses an exam without a valid, verifiable excuse will receive a zero. If due to a verifiable emergency, a student misses the last exam, then that student will be required to take a makeup exam administered by the instructor at a time to be arranged. If a student misses all exams this student will receive an automatic grade of “F”.

## Center for Accesible Education (CAE)

Any student with a pre-existing illness or condition who requests special arrangements must (a) qualify under CAE rules for such special arrangements and (b) must take the exam with CAE. Any such arrangements with CAE must be communicated to the instructor during the first week of classes. For additional information and the qualification conditions of the Center for Accessible Education please visit their website at <https://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 CAE to be familiar with all of their rules as well as the rules of this class.

## Academic Dishonesty

Cheating is forbidden. The slight suspicion of cheating –in exams, sign-in sheets, homeworks– will be treated seriously and reported to the Office of the Dean of Students. For more details please refer to the Office of the Dean of Students website at <https://www.deanofstudents.ucla.edu/Academic-Integrity>

**NO EXCEPTIONS WILL BE MADE TO THE POLICIES ENUMERATED IN THIS SYLLABUS**

# **(Tentative) Contents**

## **Introduction**

- Measuring the Aggregate Economy (review of Econ 2)
- Epistemology of economics: using models to analyze the macroeconomy.

## **Growth**

- Why are countries richer than others? Growth. Solow Model and Kaldor facts. Theory and evidence.

## **Keynesian Economics**

- The IS-LM model.
- The Mundell-Fleming model of open Economy.
- Fiscal/Monetary Policy in Keynesian Models.

## **Microeconomic Foundations I: Partial equilibrium**

- The Rational Expectations revolution. The need for microfoundations.
- Consumption and saving. Two-period models. Intertemporal decisions.
- Labor market classical theories. Labor-leisure decision.
- Investment. Firm's problem.

## **Microeconomic Foundations II: General Equilibrium**

- General Equilibrium models. Closing the economy. (Useful to review Econ 11 for this)
- First Welfare Theorem. Second Welfare Theorem

## **General Topics in Macroeconomics**

- Money and Inflation
- The New Keynesian Model
- Fiscal and Monetary Policy