

Topics in Macroeconomics

This course studies micro-founded macroeconomic models. Concepts and tools from microeconomics will be applied to macroeconomic issues, including economic growth, credit markets, fiscal and monetary policies, current account determination. The topics will be presented and analyzed using simple mathematical models with emphasis on general equilibrium and intertemporal economic analysis. The primary goal of this class is to introduce some of standard tools, widely used in modern macroeconomics and necessary to understand articles both in the press and academic journals.

There are two textbooks for this course:

1. *Macroeconomics*, by *Matthias Doepke, Andreas Lehnert, and Andrew Sellgren* (henceforth, DLS),
2. *International Macroeconomics*, by *Stephanie Schmitt-Grohe and Martin Uribe* (henceforth, SGU).

The lectures will be held on Mondays and Wednesdays at 2pm-3:15pm in NH 1110. I will have office hours on Mondays and Wednesdays from 9:30 to 10:30 in NH 3052. I can also be contacted by email at mkapicka@econ.ucsb.edu. The teaching assistant for this class will be Erin Larive (larive@econ.ucsb.edu). TA sessions will meet on Thursdays 3:30-4:20 in NH 1110.

There will be 5 problem sets, a midterm on May 4 and a final in the week of June 7. Your lowest score problem set will be dropped. The grades will be determined by the problem sets (25%), the midterm (25%) and the final (50%). You can download the problem sets, as well as other class material at

<http://econ.ucsb.edu/~mkapicka/E208.html>

Tentative Outline

1. Introduction: Credit Markets and Intertemporal Allocation
 - DLS, Chapter 3 and 5
2. The Effects of Government Spending
 - DLS, Chapter 12
3. Government Taxation and Government Debt
 - DLS, Chapter 13, Chapter 14
2. Fiscal and Monetary Policy
 - DLS, Chapter 18
3. Optimal Monetary Policy
 - DLS, Chapter 19
4. Financial Intermediation
 - DLS, Chapter 17
5. Current Account Determination
 - SGU, Chapter 1,2,3
6. Fiscal Deficits and Current Account
 - SGU, Chapter 5