Main Information

Lectures. Tuesdays, 5:05-7:25pm. Bunche Hall 9383.

Office hours. Email me for an appointment.

Website. https://moodle2.ssnet.ucla.edu/course/view/18F-ECON221A-1.

Grading. First, I will ask you to replicate two empirical macro or/and finance papers, using publicly available data (e.g. national accounts, Compustat, CRSP, Nielsen Scanner data, other WRDS material, etc.), but for which the replication code was not made available online by the authors (or not fully). I shall give you a list of papers among which to choose. I believe that the best way to learn empirical methods in macroeconomics and finance is to “get your hands dirty”, and practice working with data. The first replication exercise will count towards 40% of your final grade, and the second will count towards 40%. Second, I will ask you to present a recent paper in empirical macroeconomics during the last two lectures. (30 minutes each) Again, I will give you a list from which to choose. This will count towards 20% of your final grade.

Miscellaneous advice. Here I provide an introduction to R-statistics. Here I provide miscellaneous hopefully useful resources on researching, presenting, writing, coding, etc.

Course outline. This course will follow an inductive, or bottom-up, approach. Whenever possible, I will start from the facts, and review different theories in light of these facts. I will particularly emphasize empirical observations that have not been explained by currently discussed theories. My hope is that you will find here some inspiration for a dissertation topic.

Textbooks. I will assume that you have basic knowledge of first year macroeconomics and finance, which can be found in many different textbooks. For macroeconomics, I would recommend:


If you are interested in how macroeconomics is used in practice, I strongly recommend:


However, there is unfortunately no unified treatment of macroeconomics at the 2nd year Ph.D. Finance. Finance, on the contrary, has two excellent textbooks offering complementary perspectives. John Cochrane’s textbook is structured around the stochastic discount factor view of finance; while John Campbell’s textbook is more agnostic.


Online Resources. I strongly recommend the NBER Summer Institute Econometric Lectures. Three of them are related to macroeconomics and finance:


John Cochrane has a course on Asset Pricing on Youtube, which I very strongly recommend:


Bibliography. The following contains a list of readings for each lecture. Those with a ￿ sign are papers which will be discussed during class. The first section has some background reading on methodology, empirical macroeconomics and the current state of macroeconomics. (spoiler: it is probably not that good)

Methodology and the state of macro

Axel Leijonhufvud, “Life Among the Econ,” Economic Inquiry 11, no. 3 (September 1, 1973): 327–37


Krugman, Paul. “There is something about macro.”


1 Introduction to Empirical Macro and Finance

1.1 Main readings


1.2 Additional readings


2 Replication of Mian and Sufi (2014)


3 Consumption

3.1 Main readings


3.2 Additional readings


4 Investment

4.1 Main readings


4.2 Additional readings


5  Financial Frictions

5.1  Main readings


5.2  Additional readings


6 Asset Pricing

6.1 Main readings


6.2 Additional readings


7 Low interest rate macroeconomics

7.1 Main readings


7.2 Additional readings


8  Heterogeneity: Static / Dynamic

8.1  Main readings


8.2  Additional readings


