

Econ 501
Spring 2021
4 Credits

General Macroeconomic Theory
M,W 11:00-12:20

Stephen L. Parente

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Office Hours: On Line Zoom Tuesday, Thursday 9:00-10:00 AM

[Link for Office Hours Sign Up](#)

Compass2 Link to Course Material: <https://compass2g.illinois.edu/>

T.A. Mariya Shappo

[Office:](#) 110 DKH

[Office Hours:](#) On Line Via Zoom M, W 8:00-9:00 AM, Tuesday, Thursday 8:00-9:00 PM

[Link for Office Hour Sign Up](#)

[Recitation:](#) Fridays, 10:30-11:50 Online (See below for link)

Zoom Lectures- The lectures are to be given live over Zoom, although some lectures may be pre-recorded.

To Join Zoom Lectures

[Link to Zoom Lectures](#)

Meeting ID: 839 5322 3801

Password: 459547

Zoom Recitations

To Join Zoom Recitations

[Link to Zoom Recitations](#)

Meeting ID: 867 1758 1827

Password: 617064

Zoom Office Hours. Office hours will be done via Zoom. Sign up for office hour slots (15 minutes) will actually be done via Calendly. See link above

To Join Zoom Office Hours

[Link to Zoom Office Hours](#)

Meeting ID: 852 0678 2149

Password: 079775

COURSE OBJECTIVE

This course introduces students to some important macroeconomic models and the quantitative methodology known as model calibration for the purpose of gaining insight into a number of interesting issues in growth, public finance, and business cycles. These models are fully modern in that they are dynamic, grounded on microeconomic theory, and employ general equilibrium analysis. These models will be calibrated for either the purpose of testing theory or evaluating policy.

This course has sprung forth out of my and others' displeasure with the way Macroeconomics is taught at the masters and undergraduate levels. A necessary condition for a society to be well governed is having an educated citizenry. This means that people like you have to be able to evaluate alternative policies that are being proposed. By the end of the course, the hope and expectation is that you will be better at this than most in Washington DC, Brussels or Strasburg. A world with better macro economic policies would be a much "nicer" place to live.

READINGS

There is no textbook, as none exists that presents the growth model and business cycle theory adequately. There will be readings in the form of typed lecture notes as well as published papers. All lecture notes and articles are posted on the Compass2 website.

RECITATIONS

Recitations are an important component of the course. They will serve many roles: they will be used to address any questions you may have about the main lecture material; they will be used to continue or elaborate on the lecture material; they will serve as a format to explain the home projects; and they will go over the solutions to assigned problems and past exam questions.

GRADING

Your course grade will be based on a midterm exam, a final exam and numerous out of class assignments. The midterm and final will contribute 25% percent each and the problem sets the remaining 50 percent. In determining your course grade, other factors such as class participation may be considered in a non-detrimental way.

Problem Sets: Some of the out-of-class assignments require the use of Excel or some other spreadsheet. Others are based on interactive computer programs that have been written by the TAs. Others are in the form of traditional problem sets. All homework assignments and codes will be made available on the Compass2 webpage. Due Dates are listed on the Compass2 Webpage.

Exams: My current plan is to give an open book midterm and final exam, although I may use an oral format, if enrollment is low. In the case of the open book exam, the exam will take place from 7:00-10:00 PM CST to accommodate those students that are taking the course in Asia, and hence are on a very different time zone. The midterm will occur around the third week of March. The date of the Final Exam is not yet determined.

ACADEMIC DISHONESTY-

I and the University takes serious violations of academic dishonesty. The penalty for Academic dishonesty will be an F for the particular assignment/exam and potentially an F for the course. Students are advised to consult the LAS Student Handbook for definitions of academic dishonesty.

Disability Accommodations -To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to disability@uiuc.edu."

Emergency Planning [Emergency Response Recommendations](#)

The Department of Homeland Security and the University of Illinois at Urbana-Champaign Office of Campus Emergency Planning recommend the following three responses to any emergency on campus: **RUN > HIDE > FIGHT**

Only follow these actions if safe to do so. When in doubt, follow your instincts—you are your own best advocate!

Important University Dates:

February 17th , March 24th and April 13th No Classes

Last Day of Classes May 5

Course Outline and Readings

Topic/Lecture Notes

Dates (Approximate)

Transformation of Macroeconomics

January 25

Part I

Calibration Example Using Solow Growth Model

January 27, February 1,3,8

Growth and Development Facts

February 10

Endogenous Growth

February 15, 22

The Malthus Model

February 24, March 1

Unified Growth Theory

March 3, 8

Proximate and Fundamental Causes Differences

March 10, 15

Part II

Labor/Leisure and Work Hour Differences

March 17, 22

Savings, Wealth and Government Finance

March 29, 31

Overlapping Generations Approach: Pension Reform

April 5, 7

Dynastic Approach: Tax Reform

April 12, 14

Part III

Business Cycle Facts

April 19, 21

Real Business Cycle Theory

April 26, 28

Monetary Business Cycle Theory

May 3, 5