Econ 501: Macroeconomics
2025 Fall

Professor
Prof. Jing Cynthia Wu

Course Times and Locations
TR 15:30-16:50, 119 David Kinley Hall

TA
Rong Yuwen (ryuwen2@illinois.edu)

Office hours
Office hours will be posted on Canvas.

Contact
If you need general assistance, email your TA first. If your TA cannot solve the problem, he or she will forward your email to me.

Canvas
All course materials will be available on Canvas. Check updated information on Canvas. Homework assignments are submitted through Canvas.

Course Description and Outline

Prerequisites:
The course presumes knowledge of both micro and macro at the principles level, as well as differential calculus and algebra. It is helpful, though not necessary, to have taken intermediate micro.

Description: This is a course in macroeconomic theory at the intermediate level. Macroeconomics is concerned with the behavior of the aggregate economy. In the course we will be examining macroeconomic data and studying models designed to help us understand those data. We will pay special attention to the role of policymakers in shaping macroeconomic outcomes, and will also take a close look at the recent financial crisis and ensuing recession.

Outline:

Topic 1: Introduction

- Basic economic concepts
- What is a model
- Brief history of economic thought

Topic 2: Economic Growth

    a. Stylized facts
    b. Solow growth model
    c. Cross-country differences in standards of living

Topic 3: Consumption

    a. Two period consumption-saving problem
    b. Endowment Economy Equilibrium
    c. Fiscal policy and Ricardian Equivalence

Topic 4: Neoclassical Business Cycle Model

    a. Production and labor supply
    b. Neoclassical business cycle model
    c. Money
    d. Money, inflation, and interest rates
    e. Taking the model to the data, Critiques

Topic 5: New Keynesian Model

    a. IS-LM-AD model, IS-LM-AD-AS model
    b. Dynamics and the Phillips Curve
    c. Monetary Policy
    d. Zero Lower Bound

Text book
Julio Garín, Robert Lester, and Eric Sims (GLS), *Intermediate Macroeconomics.*
A free PDF copy is posted on Canvas (GLS.pdf).

Evaluation
Grade = 25% × 2 midterms + 30% final + 20% homework

Homework: There will be ten problem sets assigned throughout the semester. Only the best 9 of 10 assignments will be counted towards your final grade. The problem sets are graded on a check plus, check, check minus scale, where check plus is 20, check is 18, and check minus is 15. Late homework assignments (marked by Canvas) will get 2 points off. If you submit your homework after the solution is posted or fail to submit your homework, you will get 0.

You may work in groups of up to three students on the homework assignments. Submit as a group, and make sure the names of *all* your group members legibly appear on the first page of the assignment. *Group members who are not linked to the submission on Canvas will not receive credit.*

Homework submission: Submission is through Canvas. The deadline on Canvas is *binding.* Plan to submit well ahead of the deadline, in case of Internet or other issues. I do *not* accept physical or email submissions. If there is a hand-written component, you can scan it via a scanner or your phone. Make sure the scanned document is legible.

Exams: There are two midterms and one final, mark your calendar. All the exams are closed-book individual exams, but you may bring one letter size (both sides) hand-written "cheat sheet" that does not involve any electronic technology. The final exam will be cumulative.

Reschedule: Should you have a valid, University-approved conflict with any of these exam times, formal documentation is required for reschedule.

Regrade: Clerical errors will be corrected without any hassle. Other regrade requests must be submitted in writing within one lecture of the exam's return to your registered TA session. To discourage "grade grubbing", the entire exam will be subject to regrading. You need to explain which question, how many points, and why. If your argument is right, you will get your points back. If your argument is wrong, you will get "double punishment" for still not understanding the concepts after we discuss in the class and see solutions. Statements like "I think I am right. My answer looks like the solution to me. The part I got right (wrong) should be worth more (less) points." do not count as reasoning.

Attendance and Class Participation: Attendance and participation will count at the margin.

Curve: You will be given numerical scores for problem sets and exams. I will curve the overall grade at the end of the semester and give a letter grade for the course. So it's not about how many points you get, it's about your relative position to other students I teach.