

Econ 501
Spring 2022
223 Gregory Hall

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

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Office: 118 DKH

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

[Link for Office Hours Sign Up through Calendly.com](#)

T.A. Sofia Dunets

Office: 110 DKH

Office Hours: In person Monday-Thursday 3:00-4:00 PM

Recitation: Fridays, 1:00-2:20 223 Gregory Hall

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

Course Format

Lectures except for the first week are to be in person. First week lectures will be done via Zoom.

[Link to Zoom Lectures](#)

Meeting ID: 821 2298 3697

Password: 883560

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 are readings in the form of typed lecture notes as well as published papers that relate to the course material. 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: to address any questions you may have about the main lecture material; to continue or elaborate on the class presentation; to explain the home projects; and to provide 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: The midterm will occur the week of March 7-11, just prior to the start of the Spring Break. It is very possible that the midterm will be administered during the Friday Recitation on March 11, so DO NOT BUY an airplane ticket that departs on or before this date. The Final Exam is scheduled for Wednesday May 11 from 1:30-4:30 PM.

ACADEMIC DISHONESTY-

Academic dishonesty will not be tolerated in this course! The penalty will be an F for the particular assignment/exam and potentially an F for the course. You are advised to consult the LAS Student Handbook to understand what constitutes 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:

Spring Break March 12-20

Last Day of Classes May 4

Final Exam, Wednesday May 11, 1:30-4:30 PM

Course Outline and Readings

Topic/Lecture Notes

Dates (Approximate)

Transformation of Macroeconomics

January 19

Part I

Calibration Example Using Solow Growth Model

January 24, 26, 31

Growth and Development Facts

February 2, 7

Endogenous Growth

February 9, 14

The Malthus Model

February 21,23

Unified Growth Theory

February 28, March 2

Proximate and Fundamental Causes Differences

March 7, 9

Part II

Labor/Leisure and Work Hour Differences

March 21, 23

Savings, Wealth and Government Finance

March 28, 30

Overlapping Generations Approach: Pension Reform

April 4, 6

Dynastic Approach: Tax Reform

April 11, 13

Part III

Business Cycle Facts

April 18, 20

Real Business Cycle Theory

April 25, 27

Monetary Business Cycle Theory

May 2, 4