

Econ 501
Spring 2023

General Macroeconomic Theory
M,W 12:30-1:50 123 DKH

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Office Hours: Tuesday 1:00-2:00, Thursday 1:30-2:30 On-Line [Link for Office Hours Sign Up](#)

T.A. Sofia Dunets

Office: 110 DKH

Office Hours: Monday-Thursday 8:20-9:20 AM

Recitation: Fridays, 1:00-2:20 123 DKH

No Recitation February 24 (Field Trip to St. Louis)

Course Format

All lectures are to be in person. However, in the case that Covid re-emerges, or that I am traveling to a conference, we shall use the Zoom Format. You can go to the Zoom meetings page on Canvas.

Zoom Office Hours. Office hours will be done via Zoom unless otherwise stated in class. Sign up for office hour slots (15 minutes) (either via Zoom or in person), will actually be done via Calendly. See link above

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.

CANVAS – The course is being administered through Canvas. That is to say that everything you need for the course is posted there. The topics for the course are organized as module. Each Module will contain the reading material, assignments, and old videos.

Readings:

There is no textbook, as none exists that presents the growth model and business cycle theory adequately. I have created my own chapters. They are basis for the material that I will lecture on. For some topics, there are some relevant articles. My lecture chapters as well as any relevant articles are posted on Canvas website in the appropriate module.

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 Canvas. All assignments are to be submitted through Canvas by the indicated due dates.

Old Videos:

Each module in Canvas contains a page with videos I made when the course was taught on -line (Spring 2021 Semester). The videos are not meant to be a substitute for class; while the main topic in the video corresponds to the class, the materials are not identical. This is to say that if you just watch the videos, you are sure to miss some relevant material that will be part of the exams. The best way to approach the videos is a supplementary material that will allow you to better understand what is presented in class.

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 three exams (two midterms and a final), numerous out of class assignments, and potentially some quizzes. The three exams have equal weight with each contributing 25 percent to your total grade. The problem sets and quizzes will contribute the remaining 25 percent. In determining your course grade, other factors such as class participation may be considered in a non-detrimental way. Quizzes need not be announced.

The first midterm will occur after we finish Unit#5 and will cover Units# 1-5. The second midterm will cover Units# 6-8 and occur after we finish Unit#8. The final will cover Unit#9. The date for the final is Thursday May 11 8:00-11:00 AM.

ACADEMIC DISHONESTY-

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:

Spring Break: March 11-20

Last Day of Classes May 3

Final Thursday May 11th 8:00-11:00 AM.

Course Outline and Readings

Econ 501

Topic/Lecture Notes

Dates (Approximate)

Unit # 1 Transformation of Macroeconomics

January 18

Unit #2 Labor/Leisure and Work Hour Differences

January 23, 25

Unit #3 Savings, Wealth and Government Finance

Jan 30, Feb 1, 6

Unit #4 Overlapping Generations Approach: Pension Reform

Feb 8, 13

Unit #5 Dynastic Approach: Tax Reform

February 13, 15, 20

Midterm Exam #1

Unit #6 Business Cycle Facts

February 22, 27, March 1

Unit #7 Real Business Cycle Theory

March 6, 8

Unit #8 Monetary Business Cycle Theory

March 20, 22, 27

Midterm Exam # 2

Unit # 9

Growth and Development Facts

March 29, April 3

Endogenous Growth

April 5, 10

The Malthus Model

April 12, 17

Unified Growth Theory

April 19, 24

Proximate and Fundamental Causes Differences

April 26, May 1, 3