

## **ECO 509 - Business Conditions Analysis**

### **DePaul University**

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Course Description: This is a course in macroeconomics at the intermediate level. Intermediate macroeconomics usually concentrates on explaining relationships between certain key macroeconomic variables, such as GDP, inflation, unemployment, interest rates, trade deficits, and exchange rates. These variables are thought to be indicators of our current and future standard of living and economic stability. We are interested in explaining what causes economic growth and how policy can be used to promote growth. We are also interested in what causes economic fluctuations (business cycles), how those fluctuations interfere with short-run and long-run economic growth, and how policy can be used to smooth these fluctuations. You will also understand more about how economists think and formulate problems, and how they formulate solutions to economic problems.

The models we build in this course (i.e. the theories) are applicable to any market macroeconomy and as does the book, we will spend a lot of time going through examples of the U.S. economy. Still, we will emphasize the particular differences/problems of many countries around the world. For example: European Union (EU and EMU), particularly with respect to monetary policy and financial markets (chapter 7, 9-15); emerging markets (in Europe, East Asia and South America, particularly with respect to financial markets and monetary policy (chapter 7, 9-15); and socialist economies (e.g., China and Vietnam) that are liberalizing their markets to some extent (again in chapter 7).

Text: *Macroeconomics*, 5<sup>th</sup> Edition, Abel and Bernanke. The textbook is meant to be a complement (not a substitute for lectures). The book provides a good background for the material presented in class. Chapter 1 is an introduction and you should read over this quickly. Chapter 2 provides some useful information how macroeconomic variables are measured and the usefulness in gauging our standard of living and economic stability. Peruse chapters 1-2. The subsequent chapters form a well-structured model of the macroeconomy. Read chapters 3 and 4 carefully. We will follow the material in these chapters as covered in the text. Chapter 5 is covered to some extent in the first or second lecture and in more detail later. There will be a lot more added to Chapter 7 (Asset markets, Money and Prices) than the textbook presents. I will give you reference pages for the additional topics in this chapter. Chapters 8-10 will be followed loosely. We will skip Chapter 13. There will be pieces pulled out of Chapters 11-15 and put into the final model of the macroeconomy. So, these last few chapters will be done in a different way than in the book.

Exams: There will be two exams – a mid-term on 01MAY (Tuesday Class) and on 03MAY (Thursday Class) and a final exam on 12JUN (Tuesday Class)/07JUN (Thursday Class). The exams will be multiple-choice, short-answer and essay. There will be a review sheet available on my website prior to each exam.

Assignments: There will be assignments from the *Analytical Problems* at the end of each chapter. Please make your answers to these exercises as brief and concise as possible. These exercises and class participation will comprise 20% of your grade.

Review Sheets: I will give you copies of an abbreviated version of my notes (they are also available on my website). These will be about 25 pages typed for the material for the mid-term exam and about 20 pages for the material for the final exam. These reviews will form the outline and many of the details of this course. They take the place of a detailed syllabus.

Articles: Articles associated with the topics covered in class are given on my website. I will assign particular articles. We may discuss these in class and the content in these articles may appear on the exams.

Grading: Exams will comprise 80% of your course grade (40% for each). The remaining 20% will be from your assignments. You cannot make “Fs” on both exams and pass the class. Letter grades are calculated based on the usual percentage breakdown.