

**THE UNIVERSITY OF ILLINOIS AT CHICAGO**  
**ECON 521: MACROECONOMICS AND INTERNATIONAL ECONOMICS**  
**SUMMER 2009**

**Prof. Helen Roberts**

UH 709 (312-355-0378)

e-mail: hroberts@uic.edu

Web Page: <http://blackboard.uic.edu>

**Office Hours:**

Tue, 1:00-2:00

and by appointment

**Required Text:**

A.B.Abel, B.S.Bernanke, & D.Croushore, *Macroeconomics*, 6<sup>th</sup> edition, 2008, Addison-Wesley.

**Overview:**

The principal aim of this course is to introduce the student to Macroeconomics and some aspects of International Economics at the intermediate level. By the end of the semester you will be familiar with how the macroeconomy works, the mechanisms of business cycles and long-run growth, how (and when) macroeconomic fiscal and monetary policy should be conducted, and how international transactions affect the economy. You will also be exposed to current issues of interest and research in macroeconomics.

The basis for this course is a combination of the required textbook and the class discussions and experiments. Regarding the exams, you will be responsible for everything covered in the readings. Should you miss a session, try to borrow a colleague's notes; usually, however, this is a poor substitute. You must also make sure that you have all the handouts distributed during the course.

**Grading Procedure:**

A midterm project ( $M$ , 30 points), a comprehensive final project ( $F$ , 40 points), two homework sets ( $H1$  and  $H2$ , 10 points each) and a Country Project ( $P$ , 10 points) will be given. Your score will be based on the following simple algorithm:

If  $F + P \leq H1 + M + H2$  then  $SCORE = H1 + M + H2 + F + P$ , but  
if  $F + P > H1 + M + H2$  then  $SCORE = 2(F + P)$ .

Therefore, students who demonstrate improvement will have their midterm and homework scores discarded and their grade will be based on the final and project scores only. This means that you can only gain by taking the midterm and turning in the homeworks. However, *all* students must take the final assignment and the country project.

To summarize:

Assignment	Points
Homework 1	10
Midterm	30
Homework 2	10
Country Project	10
Final	<u>40</u>
TOTAL	100

**Broad Outline:**

I. INTRODUCTION (Chapters 1 and 2)

1. Macroeconomic Questions
2. Measurement Issues

II. THE LONG-RUN: FULL EMPLOYMENT & GROWTH (Chapters 3-7)

3. The Production Function and the Labor Market

{Homework 1}

4. Saving and Investment
5. The Open Economy
6. Long-Run Growth Theory

{Midterm Project}

7. Money and Prices

III. THE SHORT-RUN: BUSINESS CYCLES & STABILIZATION POLICY (Chapters 9-11, 13)

8. The Facts
9. The IS-LM Model
10. Classical Analysis
11. Keynesian Analysis

{Homework 2}

13. Exchange Rates and the IS-LM in the Open Economy

IV. MACROECONOMIC POLICY: A CLOSER LOOK (Chapters 12, 14, and 15)

12. Unemployment versus Inflation
14. Money Supply and the Federal Reserve System
15. The Government Budget, Deficits, and Debt

{Final Project}