DEREE COLLEGE SYLLABUS FOR: EC 3271 MACROECONOMIC THEORY AND POLICY

(Updated Fall 2021)	**UK LEVEL: 5** **UK CREDITS: 15** **US CREDITS: 3/0/3**

PREREQUISITES:	EC 1000 Principles of Microeconomics EC 1101 Principles of Macroeconomics
CATALOG DESCRIPTION:	Measurement and analysis of national income. The basic goods market macroeconomic model. The role of money. The IS-LM and AD-AS model. Fiscal and monetary policies. Unemployment. Financial Crisis.
RATIONALE:	This course is a natural extension of an introduction to macroeconomic principles. It is the prerequisite for more advanced and specialized topics in economics. It is intended for students majoring in economics, prospective graduate students, and business students, as it provides indispensable information about the workings, the trade-offs and challenges of the economy in which businesses operate. This course gives students the opportunity to recognize the applicability of macroeconomic theories and test the validity of such theories by evaluating different theoretical and practical perspectives.
LEARNING OUTCOMES:	As a result of taking this course, the student should be able to: 1. Analyze the operation of the goods and the money markets. 2. Use the basic IS-LM model to explain how the economy works and analyze the workings and the effectiveness of fiscal and monetary policies using the model. 3. Demonstrate detailed knowledge of the causes of unemployment and evaluate policies intended to remedy the problem. 4. Demonstrate knowledge of the causes of financial crises and the pertinent policy reaction by economic authorities.
METHOD OF TEACHING AND LEARNING:	In congruence with the learning and teaching strategy of the college, the following tools are used: ➢ Lectures, class discussions, and review of cases taken from the real world and applicable to specific theoretical concepts. In-class problem solution and occasional class discussions of recent articles in economic journals assigned by the instructor. ➢ Office Hours: Students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material. ➢ Use of Blackboard, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.
ASSESSMENT:	**Summative**:

1st assessment: In-class written examination (One-hour, closed book, essays/problems)	**40%**

	Final assessment: In-class written examination (Two-hour, closed book, essays/problems, comprehensive)	**60%**

Formative:

Problem sets and questions	**0%**

The formative assessment aims to prepare students for the examinations and ensures that students are actively engaged during the term.

The 1st assessment tests Learning Outcomes 1 and 2.
The final assessment tests Learning Outcomes 1, 2, 3 and 4, with emphasis on 3 and 4.

The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.

INDICATIVE READING:	**REQUIRED READING:**

REQUIRED READING:

Mankiw G., Macroeconomics, Worth, latest edition

RECOMMENDED READING:

Dornbusch R., Fischer S., Startz R.; Macroeconomics; McGraw-Hill, latest edition.

"Grossly Distorted Picture," The Economist, Mar 13, 2008 (http://www.economist.com/node/10852462).

I told you so. Obama right and Europe wrong about way out of Great Recession. The Guardian, November 1, 2018.

"Assessing Quantitative Easing: Muzzled," The Economist, August 13, 2009.

"No Short Cuts," The Economist, Oct 27, 2012 (http://www.economist.com/news/finance-and-economics/21565150-short-term-austerity-aftermath-severe-crisismay-prove-more-painful).

"The argument in the floor: Evidence is mounting that moderate minimum wages can do more good than harm". The Economist, Nov. 24th, 2012.

"The Dynamic Approach to Europe's Unemployment Problem", European Commission, 2007.

"The Origins of the Financial Crisis: Crash Course". The Economist, Sept. 7th, 2013.

INDICATIVE MATERIAL: *(e.g. audiovisual, digital material, etc.)*	**REQUIRED MATERIAL:** N/A **RECOMMENDED MATERIAL:** N/A
COMMUNICATION REQUIREMENTS:	Use of appropriate academic conventions as applicable in oral and written communications.
SOFTWARE REQUIREMENTS:	Word, Excel
WWW RESOURCES:	www.ft.com (Financial Times) www.economist.com (Economist) www.ecb.int (European Central Bank) www.imf.org (International Monetary Fund)

INDICATIVE CONTENT:	1. Measuring Macroeconomic Performance
	   a. Basic Macroeconomic Concepts
	   b. Production and Income Distribution
	2. Basic Macroeconomic Theory
	   a. Income and Spending: The Goods Market
	   b. Financial Markets: Money Demand and Supply
	   c. The IS-LM model
	   d. Putting all Markets Together: The AD and AS Model
	3. Basic Macroeconomic Policy in a Closed Economy
	   a. Fiscal and Monetary policy
	   b. Effectiveness of macroeconomic policy: Fiscal and monetary policy multipliers
	4. Economic Pathologies
	   a. Unemployment
	   b. Financial Crisis