

DEREE COLLEGE SYLLABUS FOR: EC 3474 ADVANCED MACROECONOMICS

UK LEVEL: 5
UK CREDITS: 15
US CREDITS: 3/0/3

(Updated Spring 2021)

PREREQUISITES:

EC 1000 Principles of Microeconomics
EC 1101 Principles of Macroeconomics
MA 1008 College Algebra
MA 2205 Applied Calculus

CATALOG DESCRIPTION:

Economic growth. Expectations and macroeconomic policy in the short and the long run. The relationship between unemployment and inflation. Consumption and investment theory. Balance of payments, exchange rates and macroeconomic policy in an open economy.

RATIONALE:

This course is the sequel to Macroeconomic Theory and Policy. Its purpose is to provide students majoring in economics the opportunity to cover more advanced concepts and issues not addressed during the first semester. Specifically, students have the opportunity to study in depth the effectiveness of fiscal and monetary policy in a closed as well as open economy framework and under different exchange rate systems, the trade-off between unemployment and inflation and economic growth through capital accumulation. For prospective graduate students in economics, this course constitutes a necessary and fundamental step to an overall economics education.

LEARNING OUTCOMES:

As a result of taking this course, the student should be able to:

1. Explain how the economy grows in the long-run through capital accumulation and technological progress.
2. Analyze and discuss the role of expectations in the effectiveness of fiscal and monetary policy in a closed economy.
3. Analyze and evaluate the theoretical foundations of consumption and investment decisions and their impact on the effectiveness of macroeconomic policy.
4. Explain the causes of balance of payments imbalances and their impact on exchange rates.
5. Analyze and discuss macroeconomic policy in the open economy.

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:	<p>Summative:</p> <table border="1" data-bbox="483 275 1273 447"> <tr> <td>1st assessment: In-class written examination (One-hour, closed book)</td><td>40%</td></tr> <tr> <td>Final assessment: In class written assessment (Two-hour, closed book, essays/problems, comprehensive)</td><td>60%</td></tr> </table> <p>Formative:</p> <table border="1" data-bbox="483 512 1273 550"> <tr> <td>Problem sets and questions</td><td>0%</td></tr> </table> <p>The formative assessment prepares students for the examinations and ensures that students are actively engaged during the term.</p> <p>The 1st assessment tests Learning Outcomes 1 and 2. The final assessment tests Learning Outcomes 1, 2, 3, 4 and 5, with emphasis on 3, 4 and 5.</p> <p>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.</p>	1 st assessment: In-class written examination (One-hour, closed book)	40%	Final assessment: In class written assessment (Two-hour, closed book, essays/problems, comprehensive)	60%	Problem sets and questions	0%
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Final assessment: In class written assessment (Two-hour, closed book, essays/problems, comprehensive)	60%						
Problem sets and questions	0%						
INDICATIVE READING:	<p>REQUIRED READING:</p> <p>N. Gregory Mankiw, Macroeconomics, Worth Publishers, latest edition.</p> <p>Journal articles, accessible through the Library, as assigned by the instructor.</p> <p>RECOMMENDED READING:</p> <p>Dornbusch R, Fischer S, Startz R.; Macroeconomics; McGraw-Hill, latest edition.</p> <p>Romer, D. Advanced Macroeconomics, McGraw-Hill, latest edition.</p> <p>Salvatore Dominick. International Economics, latest edition.</p> <p>“Money from Heaven,” The Economist, Apr 23rd, 2016 (http://www.economist.com/news/finance-and-economics/21697227-get-out-slump-worlds-central-banks-considerhanding-out-cash-money).</p> <p>“A Working Model,” The Economist, Aug 11th, 2005 (http://www.economist.com/node/4274896).</p> <p>“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).</p>						

	<p>“QE, or Not QE?,” The Economist, Jul 14, 2012 (http://www.economist.com/node/21558596).</p> <p>“The famous “Phillips curve” to predict inflation isn’t working like it should,” Fortune, June 14, 2019 https://fortune.com/2019/06/14/phillips-curve-unemployment-inflation/</p> <p>“Patience: The Big Virtue,” The Economist, Feb 23rd, 2015 (http://www.economist.com/blogs/buttonwood/2015/02/economic-growth).</p> <p>“Currency Dilemmas,” The Economist, Nov 18, 2000 (http://www.economist.com/node/426630).</p>
INDICATIVE MATERIAL: <i>(e.g. audiovisual, digital material, etc.)</i>	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:	<ol style="list-style-type: none"> 1) A review of the short run <ol style="list-style-type: none"> a) Goods Market b) IS-LM Analysis 2) Macroeconomic policy and the role of expectations <ol style="list-style-type: none"> a) Aggregate Demand and Supply and the Philips curve b) Fiscal and monetary policy in the short and the long run c) Alternative perspectives on stabilization policy 3) Economic Growth: The very long-run <ol style="list-style-type: none"> a) Solow’s model b) Technological progress and population growth 4) Behavioural foundations <ol style="list-style-type: none"> a) Consumption Theory b) Investment Theory 5) Macroeconomic Policy in an Open Economy <ol style="list-style-type: none"> a) Basics of BOP and exchange rate determination b) Mundell - Fleming Model: Macroeconomic policy for an open economy 6) The Greek Debt Crisis 7) New Keynesian Economics

	8) Real Business Cycles
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