DEREE COLLEGE SYLLABUS FOR:

EC 3474 ADVANCED MACROECONOMICS – LEVEL 5       UK CREDITS: 15

(Revised 2015)

EC 3474 Principles of Microeconomics
EC 1101 Principles of Macroeconomics
MA 1001 Mathematics for Business Economics and Sciences
MA 1105 Applied Calculus

Expectations and macroeconomic policy in the short and
description: the long run. The relationship between unemployment and
inflation. Consumption and investment theory. Balance of
payments, exchange rates and macroeconomic analysis for 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. 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. Analyze and discuss fiscal and monetary policy and the role
   of expectations in a closed economy.
2. Analyze and evaluate the theoretical foundations of
   consumption and investment decisions and their impact on
   the effectiveness of macroeconomic policy.
3. Explain the causes of balance of payments imbalances and
   their effect on exchange rates.
4. Analyze and discuss the effectiveness of macroeconomic
   policy in an open economy with fixed or floating exchange
   rates and different degrees of capital mobility.

METHOD OF TEACHING AND LEARNING: In congruence with the learning and teaching strategy of the
college, the following tools are used:

• Classes will consist of lectures, solution of homework
 assignments and class discussions of recent articles in
economic journals
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 a Blackboard site, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

**ASSESSMENT:**

<table>
<thead>
<tr>
<th>Test Type</th>
<th>Formative/Summative</th>
<th>Problems/Essay Questions Combination</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-class, 1-hour, &quot;diagnostic&quot; test</td>
<td>Formative</td>
<td>0</td>
</tr>
<tr>
<td>In-class midterm examination (1-hour)</td>
<td>Summative</td>
<td>40</td>
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<tr>
<td>Final examination (2-hour, comprehensive)</td>
<td>Summative</td>
<td>60</td>
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The formative test aims to prepare students for the examinations. The midterm examination tests Learning Outcomes 1 and the first part of 2. The final examination tests Learning Outcomes 2, 3 and 4.

**READING LIST:**

1. **Required Textbook:**

2. **Suggested Textbooks:**

3. **Further Reading:** Readings to supplement the basic material covered in the textbook
   - IMF, World Economic Outlook, Chapter 1, most recent issue.

WWW RESOURCES: Students are asked to search the Internet for articles relating to the subjects that are covered in class.
Some excellent web sites for this purpose are:
www.economist.com
www.ft.com
www.ecb.int

COMMUNICATION REQUIREMENTS: Verbal skills using academic / professional English

SOFTWARE REQUIREMENTS: Microsoft Internet Explorer.

INDICATIVE CONTENT:
   a. Financial Markets
   b. IS-LM Analysis
2. Macroeconomic Policy
   a. Aggregate Demand and Supply
   b. Unemployment and inflation
   c. Fiscal and Monetary Policy in the Short and the Long Run
3. Behavioral Foundations
   a. Consumption Theory
   b. Investment Theory
4. Macroeconomic Policy in an Open Economy
   a. Basics of BOP
   b. Exchange Rates determination
   c. Keynesian Model of open Economy
   d. Mundell - Fleming Model: Macroeconomic Policy for an Open Economy