



205: Topics in Macroeconomic Theory

Delhi School of Economics
Department of Economics
University of Delhi, North Campus

Course Outline
Semester III: 2017

Coordinator: Dr Dibyendu Maiti, Associate Professor

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Lecture Time: 10.30 Monday, Wednesday

Lecture Room: AMEX

Consultation: Any appropriate time between 10am-5pm (weekdays) via appointment

1. General Information:

This course is an advanced level course in Macroeconomics. The prerequisite for the course is a successful completion of 004 (Macroeconomic Theory). The course content is prepared to get comprehensive theoretical understanding of modern macroeconomics in the short-run. This will pay special attention to the analysis for real business cycles, new Keynesian and DSGE framework. Students will also be exposed to the basic simulation and calibration techniques. As you can expect, the level of difficulty of the subject-matter will increase as we progress through the course - the later chapters containing more difficult materials than the earlier ones, requiring greater patience and perseverance with the course material.

2. Outcome

The course is organized to update the students the theoretical insights of the modern macroeconomic thoughts explaining business fluctuation and the relevance of stabilization

policies especially in the short-run. This would essentially convey the role of government and Central Bank. Looking at the contemporary issues, the course would pay more attention to the understanding of economics of global economic crisis. Student should read the original articles and texts instead of relying on lecture notes.

3. Learning Outcome

Student will be able to develop theoretical insights of growth, business cycles and related problems of contemporary macroeconomy. It is expected that the student will develop analytical power of analysing and diagnosing critical issues relating to modern macro issues and business cycles. The emphasis will be given on building scientific method of understanding a theory by proof, instead of relying discursive discussion.

4. Course content

Week	Topic	Reference
Week 1	Endogenous growth	Sorenson (ch8-9)
Week 2	Labour market and growth	Sorenson (ch 11-12)
Week 3	General Equilibrium	Wickens (ch 4)
Week 4	Real Business Theory	Romer (ch 5)
Week 5	Calibrations (<i>Mathematica</i> software)	Shone (few examples)
Week 6	Applications	Assignments
Week 7	Nominal Rigidity	Romer (ch 6)
Week 8	DSGE/New Keynesian	Gali/Romer (ch7)
Week 9	DSGE (continued)	Gali/ Romer (ch7)
Week 10	Welfare loss of fluctuations	Sorensen (ch 20)
Week 11	Inflation and Monetary Policy	Romer (ch 11)
Week 12	Budget Deficit and Fiscal Policy, Ricardian Equivalence	Romer (ch 12) /Wickens (ch 6)

5. Course Materials

Text Book:

- Romer, D. (2012), *Advanced Macroeconomics* (4th ed.), New York: Mc-Grow Hill.
- Sorensen, P.B. and Whitta-Jacobsen, H.J. (2010), *Introducing Advanced Macroeconomics – Growth and Business Cycles*, 2nd Edition, McGraw-Hill
- Wickens, M. (2011), *Macroeconomic Theory* (2nd ed.), Princeton University Press
- Galí, Jordi (2008), *Monetary Policy, Inflation, and the Business Cycle*, Princeton University Press

Other materials will be supplied time to time during semester.

6. Teaching Method

Power point will be used for presentation slides mostly. Students will be asked to participate in classes regularly and engage in the debate and discussion on the relevant issues. On top of it, whiteboard will be used to show some derivations for the proof of theories. Students will also be asked to present and prove some of those theories in the classroom.

7. Assessment and Grading system

- Mid-term Test 30% (third week of March). It could be mix of practical and written (after discussing with the students).
- Final examination 70%

8. Plagiarism

The standard University's Assessment Regulations apply in this course

Dibyendu Maiti

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The End