

UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS

Minutes of Meeting

Subject: B.A. Program with Economics Major and Non-Major

Semester: IV

Course & Code: Intermediate Macroeconomics I: Foundations of Aggregate Income Determination (**ECON008**)

Credits: 4

Duration (per week): 4 hours (3 L + 1 T)

Date & Time: Friday 22nd November 2024, 6:00 PM

Venue: <http://meet.google.com/rao-ahim-fys> [Google Meet]

Convenors: Prof. Dibyendu Maiti and Dr. Swati Saini

Sub-committee:

Dr. Swarup Santra

Dr. Ruchi Bhalla

Dr. Annu Dalal

In attendance:

1.	Dr. Annu Dalal	PGDAV College, Morning
2.	Dr. Ruchi Bhalla	Jesus and Mary College
3.	Dr. Swarup Santra	Satyawati College

Learning Objectives:

The Learning Objectives of this course are as follows:

- This course builds on the basic concepts of macroeconomics. It introduces labour markets and the aggregate supply (AS) curve.
- Aggregate Demand (AD) and Aggregate Supply (AS) are brought together to determine equilibrium prices and output and examine the policy impacts.
- The course discusses the Phillips curve and the alleged trade-off between inflation and unemployment. Both adaptive and rational expectations are introduced.
- A flavour of micro-foundations is introduced with respect to consumption and investment.

Learning Outcomes:

The Learning outcomes of this course are as follows:

The students enable students to analyse the interaction of aggregate demand and supply and the effects of fiscal and monetary policy, the trade-off between inflation and unemployment, and the consumption and investment behaviour of the households.

Readings:

1. Richard T. Froyen (2013). *Macroeconomics: Theories and Policies*, 10th Edition (Global), Pearson.
2. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011). *Macroeconomics*, 11th edition, McGraw-Hill.
3. C.L.F. Attfield, D. Demery and N.W. Duck (1991). *Rational Expectations in Macroeconomics: An Introduction to Theory and Evidence*, 2nd edition, Wiley-Blackwell.

Topic-wise Readings:

[Unit 1] Short-run and Medium-run Equilibrium (15 hours):

The labour market, Wage determination; wages, prices and unemployment; natural rate of unemployment; from employment to output, Derivation of aggregate supply curve, Interaction of aggregate demand and supply to determine equilibrium output, price level and employment.

- (i) Froyen: Chapter 8,
- (ii) Froyen: Chapter 10 [only section 10.1 and section 10.2, upto page 214 (including figure 10.1)].

[Unit 2] Phillips Curve and Theory of Expectations (11 hours):

Inflation, unemployment and expectations, Phillips Curve; adaptive and rational expectations; policy ineffectiveness debate.

- (i) Froyen: Chapter 10 [since page 214 (Monetary policy in short-run) to page 227],
- (ii) Attfield, Demery and Duck: pages 6 – 9 and pages 18 – 28.

[Unit 3] Microeconomic Foundations of Macroeconomic Behaviours (14 hours):

Consumption: Keynesian consumption function; Fisher's theory of optimal intertemporal choice; life-cycle and permanent income hypothesis; other theories of consumption expenditure.

Investment: determinants of business fixed investment, residential investment, and inventory investment.

- (i) Dornbusch, Fischer and Startz: Chapter 13 (Boxes & Optional on pp 338 to be excluded)
- (ii) Dornbusch, Fischer and Startz: Chapter 14 (Boxes to be excluded)

Assessment:

1. **Internal Assessment (IA):** 30 marks - one class test, another test or presentation (12 marks each), and attendance (6 marks).
2. **Continuous Assessment (CA):** 40 marks - projects, presentations etc. (35 marks) and attendance (5 marks).
3. **The end semester exam (90 marks)** will comprise two sections: A and B.

Section A (Short Questions)	6 marks each	5 to be attempted out of 7	6 X 5 = 30 Marks
Section B (Long Questions)	12 marks each	5 to be attempted out of 7	12 X 5 = 60 Marks

All three Units have equal weightage.

One or two numerical questions can be asked, but numerical questions should not exceed 15% weightage.