

Intermediate Macroeconomics II (HC42)

**UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS
Minutes of Meeting**

Subject B.A. (H) Programme Fourth Semester
Course Intermediate Macroeconomics II (HC42)
Date: Saturday 12th December 2020
Venue Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi

Convenor Pami Dua and Dibyendu Maiti

Sub-committee:

Archana Aggarwal
Lokendra Kumawat
Alka Kacker
Krishna Kumar
Ruchi Gupta

Attended by

Teacher Name	College Name
Anjana Singh	Lady Shri Ram College
SWARUP SANTRA	SATYAWATI COLLEGE
Anuradha Gulati Dasgupta	SRCC
Archana Aggarwal	Hindu College
Ujjayini Roy	Lakshmibai College
Dr. Ganesh Manjhi	Gargi College
Neha Grover	Lady Shri Ram College For Women
Abhinub Kumar	College of Vocational Studies
Devendra Kumar	JDMC
Aditi Gupta	Shivaji College
Suresh Kumar	Kalindi College
Baishakhi Mondal	Indraprastha College for Women
Sona Mandal	Kamala Nehru College
Sujit Basu	Zakir Husain Delhi College (M)
N. Lalitha	Shyama Prasad Mukherji College (for women)
Dr. Kajleen Kaur	SGGSCC
Alka kacker	Hansraj College
Richika	SPM College for Women
Jyoti Atri	Shyam Lal College

Krishnakumar S	SRI VENKATESWARA COLLEGE
Lokendra Kumawat	Ramjas
Henna Sikka	Delhi College of Arts and Commerce
Narender Thakur	Bhim Rao Ambedkar College
Dr. Neha Jain	Deshbandhu College
Saachi Bhutani Bhagat	Daulat Ram College
Jasmin	Jesus and Mary College
	Sri Guru Nanak Dev Khalsa college, Dev Nagar, University
	of Delhi
Mamta Ahuja	Dyal Singh College
Dr. Ruchi Gupta	SGTB Khalsa College
Gaganpreet Kaur	St. Stephen's College
Manjula Singh	Bansal
Sakshi	
Dr Sonia Aggarwal	Dr Bhim Rao Ambedkar College

Core Course (CC) Credit: 6

Course Objective

This course is a sequel to Intermediate Macroeconomics I. In this course, students are introduced to long run issues like growth, technical progress, economics of ideas, R&D, innovation and knowledge creation. This course also provides insights into modern business cycle analysis. Finally it introduces students to open economy macro issues. At the end, it provides a long run perspective to policy-making by framing policies in a dynamic context.

Course Learning Outcomes

This course will enable students to combine their knowledge of the working of the macroeconomy with long run economic phenomena like economic growth, technological progress, R&D and innovation. It will also enable students to understand business cycles and the concomitant role of policies.

Unit 1 (25 lectures)

Economic growth Harrod-Domar model; Solow model; Golden rule, technological progress, economics of ideas, engines of growth, modern theories of endogenous growth

Readings:

- (a) A. Sen (ed.): *Growth Economics*, Introduction, p. 9-14.
- (b) Ch. 1, 2, 3.2, 4, 5, 7, 8.1 Jones, *Introduction to Economic Growth*, (2nd Edition).

Unit 2 (5 lectures)

Business cycles Real business cycle theory; new Keynesian models of sticky prices

Reading:

Ch. 17, *Macroeconomics*, (12th ed.) Gordon

Unit 3 (20 lectures)

Open economy models Short-run open economy models; Mundell-Fleming model; exchange rate determination; purchasing power parity; asset market approach; Dornbusch's overshooting model; monetary approach to balance of payments; international financial markets

Readings:

- (a) Rudiger Dornbusch and Stanley Fischer (1994, 6th edn), Chs.6 and 20 (20.1 and 20.2).
- (b) D. Salvatore (2007, 8th edn), Ch.14 (14.1–14.6D and appendix), Ch.15 (including appendix)and Ch.20.6

Unit 4 (15 lectures)

Fiscal and monetary policy Active or passive; monetary policy objectives and targets; rules versus discretion: time consistency; the government budget constraint; government debt and Ricardian equivalence

Reading:

- (a) Blanchard, *Macroeconomics* 4th ed., ch. 24-26.
- (b) Mishkin, *Macroeconomics*, ch. 14 (pages 345-357 + problems at the end of the chapter); ch 15 (pages 363-368 & 386-390).

Pattern of Examination

The question paper will consist of two parts, A and B.

Part A will have 7 questions of 5 marks each, out of which the student will be required to answer any 6. Out of the 7 questions in part A, 3 will be from Unit 1, 2 from Unit 3 and 2 from Units 2 and 4 combined.

Part B will have 4 questions of 15 marks each, out of which the student will be required to answer any 3. Out of the 4 questions in part B, 1 will be from Unit 1, 1 from Units 2 and 4 combined and 1 from Unit 3. The fourth question can be from anywhere, as per the discretion of the paper-setters.

References

1. Abel, A., Bernanke, B. (2016). *Macroeconomics, 9th ed.* Pearson Education.
2. Blanchard, O. (2018). *Macroeconomics, 7th ed.* Pearson Education.
3. Branson, W. (2013). *Macroeconomics: Theory and policy, 3rd ed*, East West Press.
4. Dornbusch, R., Fischer, S., Startz, R. (2018). *Macroeconomics, 12th ed.* McGraw-Hill.
5. Jones, C. (2013). *Introduction to economic growth, (2nd ed.)* W. W. Norton.
6. Jones, C. (2016). *Macroeconomics, 4th ed.* W. W. Norton.
7. Mankiw, N. (2016). *Macroeconomics, 9th ed.* Worth Publishers.
8. Gordon, R. J., (2012), *Macroeconomics, 12th ed.*, PHI.

9. Salvatore, D. (2007), *International Economics*, Wiley.
10. Frederic Mishkin, *Macroeconomics: Policy & Practice*, Pearson, 2012
11. Amartya Sen (ed), *Growth Economics*, Penguin.
12. Rudiger Dornbusch and Stanley Fischer(1994), *Macroeconomics*, 6th edition, McGraw Hill.