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
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:
(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