

**DEPARTMENT OF ECONOMICS
DELHI SCHOOL OF
ECONOMICS UNIVERSITY OF
DELHI**

Minutes of Meeting

Subject: B.A. (Hons) Economics – Third Semester
Course: HC32 (Intermediate Macroeconomics-I), Core Course (CC)
Credit: 6
Date of Meeting: 8th July, 2021 at 2.30 P.M.
Venue: Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi
Meeting ID: 989 5890 6771
Chair: Dibyendu Maiti, Department of Economics, Delhi School of Economics

Attended by

Alka Kacker	Hansraj College
Anjana Singh	Lady Shri Ram College
Anuradha Gulati Dasgupta	SRCC
Saachi Bhutani Bhagat	Daulat Ram College
Richa Suri Rastogi	Atmaram Sanatan Dharma College
Neha Jain	Deshbandhu College
Ganesh Manjhi	Gargi College
Neetu Khullar	Dyal singh
Surbhi Badhwar	Shyam Lal College (Evening)
Sona Mandal	Kamala Nehru College
Baishakhi Mondal	Indraprastha College for women
N. Lalitha	SPM college
Suvojit Lahiri Chakravarty	Aryabhatta College
Neha Grover	Lady Shri Ram College For Women
Lokendra Kumawat	Ramjas College
Henna Sikka	Delhi College of arts and commerce
Jagdish Konthouham	Shivaji college
Sutapa Das	Miranda House
Narender Thakur	Bhim Rao Ambedkar College
Ruchi Gupta	Dyal Singh
Abhinub Kumar	College of Vocational Studies
Manjula Singh	St. Stephen's College
Ankit Joshi	Sri Venkateswara College

Course Objective:

This is the second module of a three-module sequence on Macroeconomics. This course introduces students to formal modelling of the macroeconomy in terms of analytical tools. It discusses various

alternative theories of output and employment determination in a closed economy in the short run as well as medium run, and the role of policy in this context. It also introduces students to various micro-founded theories of macro behaviour, e.g., consumption and investment behaviour of households and the demand for money generated in the household sector.

Course Learning Outcomes:

This course enables students to analyse the macroeconomic performance of various countries using formal analytical tools. It also allows them to evaluate important macroeconomic policies and their implications.

Course Outline:

Unit 1

- **The labour market**

Wage determination; wages, prices and employment; natural rate of unemployment; from employment to output

Unit 2

- **Aggregate demand and aggregate supply curves**

Derivation of aggregate demand and aggregate and supply curves; interaction of aggregate demand and supply to determine equilibrium output, price level and employment

Readings for unit 1 and 2:

Rudiger Dornbusch and Stanley Fischer (1994, 6th edn.), Chs.5 (5.1 to 5.3) and 7.

O.Blanchard (2006, 4th edn.), Ch 6 and 7.

Estimated number of lectures: 17 (Unit 1 and Unit 2)

Unit 3

- **Inflation, unemployment and expectations**

Phillips curve; adaptive and rational expectations; policy ineffectiveness debate

Estimated number of lectures: 15

Readings:

(a) O. Blanchard (2006, 4th ed.), Chs. 8 and 9, p 292– p294, p. 300-306.

(b) C.L.F. Attfield, D. Demery and N.W. Duck (1991, 2nd Ed.), p 5– p28.

(c) Steven Sheffrin, (1996, 2nd ed.), Ch. 2, p34– p40.

Unit 4

- **Microeconomic foundations**

Estimated number of lectures: 30

A. Consumption

Keynesian consumption function; Fisher's theory of optimal intertemporal choice; lifecycle and permanent income hypotheses; rational expectations and random-walk of consumption expenditure.

Readings:

1. Branson, *Macroeconomic Theory & Policy* (3rd ed), ch 12, pp. 239- 268

B. Investment

Determinants of business fixed investment; residential investment and inventory investment.

Readings:

1. Rudiger Dornbusch & Stanley Fischer, *Macroeconomics*, (6th ed), ch 12.

C. Demand for Money

Interest sensitivity of money demand function; Baumol's, Tobin's and Friedman's approach to money demand.

Readings: 1. Branson, *Macroeconomic Theory & Policy* (3rd ed), chapter 14, till "The Velocity of Money" pp. 319-342.

Assessment:

1. Internal Assessment (25 marks): The internal evaluation will consist of two class tests of 10 marks each, with 5 marks being allocated for attendance.
2. The End-semester Examination (75 marks) :
The question paper of end-semester examination will have two sections (A and B). Section A will ask 6 short-types of answer out 7 questions, giving equal weightage to each topic. Section B would ask to answer 3 out of 4 long-type of questions (preferably from one topic with possible sub-parts). Two questions from topics 1, 2 and 3 and **two** questions from Topic 4 are suggested. All question (in short and long-types) can be mathematical in nature.

References

1. Blanchard, O. (2006, 4th ed). *Macroeconomics*, Pearson Education.
2. Branson, W. (2013). *Macroeconomics: Theory and policy*, 3rd ed, East West Press.
3. Dornbusch, R., Fischer, S. (1994). *Macroeconomics*, 6th ed. McGraw-Hill.
4. C.L.F. Attfield, D. Demery and N.W. Duck, *Rational expectations in macroeconomics : an introduction to theory and evidence* (1991, 2nd Ed.)
5. Sheffrin, Steve *Rational Expectations*. Cambridge University Press (1996, 2nd ed.),

Additional Reference:

Jones, C. (2016). *Macroeconomics*, 4th ed. W. W. Norton.