UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS

Minutes of Meeting

Subject:	B.A. Program with Economics 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:	Wednesday 24th January 2024, 12.30 PM
Venue:	**116,** Department of Economics, Delhi School of Economics, University of Delhi
Convenor:	**Prof. Dibyendu Maiti**

Sub-committee:
Nidhi Dhamija
Suvojit Lahiri
S K Sharma
Neha Atri
Kanika Pathania

In attendance:

Dr SNRao	Maharaja Agrasen College
Amrisha Bhardwaj	Lady Shri Ram College for Women
Dr. Gagandeep Kaur	SGTB KHALSA COLLEGE
Sukhvinder Kaur	Mata Sundri College for Women
Dr. Neha Atri	SGNDKC
Vandana Sethi	Motilal nehru college
Dr.Dorothy Roy Chowdhury	Dyal Singh Evening College
Surender kumar sharma	Slc eve.
Anil Kumar	Sri Aurobindo College
Vandana sethi	Motilal Nehru College
Shruti Goyal	Zakir Husain Delhi College
Vinay kumar Yadav	Sri Aurobindo college
Anjali Tomar	PGDAV 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. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011). *Macroeconomics*, 11th edition, McGraw-Hill.
2. Oliver Blanchard and David R. Johanson (2013). *Macroeconomics*, 6th edition, Pearson
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. IS-LM Analysis (11 hours)
Derivations of the IS and LM functions; IS-LM and aggregate demand; shifts in the AD curve

(i) Dornbusch, Fischer and Startz: Chapter 10 (Boxes & Section 10.5 to be excluded)
(ii) Dornbusch, Fischer and Startz: Chapter 11 (Boxes & Section 11.4 to be excluded)

Unit 2. Short-run and medium-run equilibrium (11 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) Blanchard and Johnson: Chapters 6 and 7

Unit 3. Phillips Curve and Theory of Expectations (8 hours)

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

(i) Blanchard and Johnson: Chapter 8
(ii) Attfield, Demery and Duck: pp 6 – 9, 18 – 28

Unit 4. Microeconomic foundations of macroeconomic behaviours (10 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 of two sections: A and B. Sections A will comprise short questions of 6 marks each (5 to be attempted out of 7) and Section B will comprise long questions of 12 marks each (5 to be attempted out of 7). Questions based on numerical problems of approximately 20 to 30 marks to be included. The examination weightage: Unit 1 – 25; Unit 2 – 25; Unit 3 – 15; Unit 4 – 25