

## 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 20<sup>th</sup> December 2021  
**Venue** Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi  
<https://zoom.us/j/6988145585?pwd=YVFkNmhsVzM1Mk4wMEZybjluYjBCUT09>  
Meeting ID: 698 814 5585 Passcode: 0xVyNR

**Convenor** Dibyendu Maiti

### Attended by

Neha Jain	Deshbandhu College
Krishnakumar S	Sri Venkateswara College
Bijoyata Yonzon	Janki Devi Memorial College.
SWARUP SANTRA	SATYAWATI COLLEGE
Ganesh Manjhi	Gargi College
A Sunil Dharan	Motilal Nehru College
N. Lalitha	SPM College for Women
Neha Grover	Lady Shri Ram College For Women
Archana Aggarwal	Hindu College
Suvojit L. Chakravarty	Aryabhatta college
Ruchi Bhalla	Jesus and Mary college
Anuradha Gulati Dasgupta	SRCC
Saachi Bhutani Bhagat	Daulat Ram College
Alka kacker	Hansraj 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*, (2<sup>nd</sup> Edition).

### Unit 2 (5 lectures)

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

Reading:

Ch. 17, *Macroeconomics*, (12<sup>th</sup> 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, 6<sup>th</sup> edn), Chs.6 and 20 (20.1 and 20.2).
- (b) D. Salvatore (2007, 8<sup>th</sup> 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* 4<sup>th</sup> 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.

In case of OBE, out of 6 questions, two would be from unit 1, two would be unit 3 and the remaining two would be from unit 2 and 4 combined.

### 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, (2<sup>nd</sup> 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, 12<sup>th</sup> 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, 6<sup>th</sup> edition*, McGraw Hill.