Intermediate Macroeconomics II (HC42)

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

Subject  B.A. (H) Programme Fourth Semester
Course   Intermediate Macroeconomics II (HC42)
Date:    Saturday 20th December 2021
Venue    Zoom Meeting hosted by Department of Economics, Delhi School of Economics,
          University of Delhi
          https://zoom.us/j/6988145585?pwd=YVFkNmhsVzM1Mk4wMEZybjlJuYjBCUT09
          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*, (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:


**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**