



## ARSD College, University of Delhi

### Lesson Plan

<b>Course Name : B. A (H) Economics</b>						
Semester	Course Code	Course Title	Lecture (L)	Tutorial (T)	Practical (P)	Credit (C)
IV	HC32	Intermediate Macroeconomics - II	5	1		6
Teacher/Instructor(s)		Richa Suri Rastogi				
Session		2021-22				

**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.

#### Lesson Plan:

Unit No.	Learning Objective	Lecture No.	Topics to be covered
1.	Economic Growth	1	Introduction to the Course
		2	Harrod Domar Model
		3	Harrod Domar Model contd.
		4	The facts of Economic Growth
		5	Basic Solow Model (Exogenous Growth Model): Production function and Diagram
		6	Basic Solow Model: Golden Rule
		7	Basic Solow Model: Comparative Statics
		8	Solow Model: Bringing in the Technology
		9	Solow Model: Explanation of economic growth in the model

		10	Growth Accounting
		11	Solow Model: Empirical Evidence
		12	Solow Model: Discussion of Questions
		13	AK Model (Basic Endogenous Growth Model)
		14	Economics of Ideas
		15	Romer Model (Endogenous Growth Model) Aggregate Production Function
		16	Romer Model: Aggregate Production Function contd.
		17	Romer Model: Notion of Balanced Growth Path
		18	Romer Model: Comparative Statics
		19	Romer Model: Comparative Statics, Scale vs. Level effect
		20	Romer Model: Three Sectoral Model
		21	Romer Model: Three Sectoral Model contd.
		22	Optimal R&D
		23	Social Infrastructure and Long Run Economic Performance
		24	Difference between the three Growth Models
		25	Discussion of Questions
2.	Business Cycles	26	Classical and Keynesian Economics - Old & New: An Introduction
		27	New Classical: Phelps and Friedman's Fooling Model
		28	New Classical: Lucas Approach & Real Business Cycle Model & Limitations
		29	The New Keynesian Model
		30	The New Keynesian Model Contd. & DSGE Model
3	Open Economy Models	31	International Linkages – Balance of Payments and discussion of different types of Exchange Rates
		32	Foreign Exchange Market – General Discussion
		33	Determination of Flexible Exchange Rate in the Foreign Exchange Market
		34	Spot and Forward Rates – Forward Premium/Discount
		35	Futures and Options
		36	Hedging and Speculation
		37	Uncovered and Covered Interest Parity
		38	Uncovered and Covered Interest Parity contd.
		39	Questions from the above topics
		40	Absolute and Relative Purchasing Power Parity
		41	Mundell Fleming Model
		42	Mundell Fleming Model contd.
		43	Adjustment to BOP Problems Under Fixed Exchange Rate
		44	Adjustment to BOP Problems Under Fixed Exchange Rate contd.

4	Fiscal and Monetary Policy	45	Monetary Approach to Exchange Rate Determination
		46	Monetary Approach to Exchange Rate Determination contd.
		47	Asset Market Model
		48	Extended Asset Market Model
		49	Exchange Rate Overshooting
		50	Questions from the Unit
	Fiscal and Monetary Policy	51	Discussion of Uncertainty and Policy
		52	Expectations and Policy
		53	Politics and Policy
		54	Monetary Policy: Costs and Benefits of Inflation
		55	Monetary Policy: Design of Monetary Policy and Inflation Targeting
		56	Monetary Policy: Design of Monetary Policy and Inflation Targeting contd.
		57	Monetary Policy: Instruments with the Central Bank
		58	Fiscal Policy: Arithmetic of Deficits and Debt
		59	Debt to GDP Ratio
60	Four Issues in Fiscal Policy		
61	Dangers of very high Debt		
62	Financial System and Economic Growth		
63	Financial System and Economic Growth contd.		
64	Financial Crisis		
65	Financial Crisis contd.		
Total Lectures		65	

### Evaluation Scheme:

No.	Component	Duration	Marks
1.	Internal Assessment		10 + 10 = 20 5
	• Class Tests – 2		
	• Attendance		
2.	End Semester Examination	3 hours	75

### Suggested Books:

Sl. No.	Name of Authors/Books/Publishers	Year of Publication/Re print
1	Rudiger Dornbusch and Stanley Fischer, Macroeconomics	1994, 6th ed.
2	O. Blanchard, Macroeconomics	2006, 4th ed.
3	Amartya Sen (ed), Growth Economics	

4	C. Jones. Introduction to economic growth	2013, 2 <sup>nd</sup> ed.
5	D. Salvatore, International Economics	2007, 8 <sup>th</sup> ed.
6	R. J. Gordon, Macroeconomics	2012, 12 <sup>th</sup> ed.
7	Frederic Mishkin, Macroeconomics: Policy & Practice	2012
<b>Mode of Evaluation:</b>		Internal Assessment and End Semester Exam