WORKPLAN 2024-25

Name of the Teacher: Ms. Komal

Course: B.A. (H) Economics

Semester: III

Paper: The Intermediate Macro Economics – I: Foundations of Aggregate Income Determination - (ECON 008)

Credits	Lecture per week	Tutorial per week	Eligibility	Pre-requisite
4	3	1	Class 12 with Mathematics	Nil

Learning Objectives

- Introducing students to formal modeling of the macro-economy in terms of analytical tools.
- Discussing 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.
- Introducing 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.

Learning Outcomes

- Students will learn to analyse the macroeconomic performance of various countries using formal analytical tools.
- This course helps them to evaluate important macroeconomic policies and their implications.

Topic	Readings	Tentative Schedule (to be followed)	Tests/Assignments/Revision/Presentations etc.
UNIT I: Short-run and medium-run equilibrium (12 lectures)			
The labour market, Wage determination; wages, prices and employment; natural rate of unemployment; from employment to output	Blanchard, Ch. 6 p.117-138	August (Week 1-3)	Internal Test – 1 (12 Marks)
Derivation of aggregate demand and aggregate and supply curves; interaction of aggregate demand and supply	Blanchard, Ch. 7 p.139-163	August (Week 4) September (Week 1)	

to determine equilibrium output, price level and employment			
UNIT II: Phillips Curve and theory of expectations (15 lectures)			
Inflation, unemployment and expectations, Phillips Curve	Blanchard, Ch.8-9 p.165-202; Ch.14 p.292-294,300-308	September (Week 2-4) October (Week 1)	• Home Assignment – 1 (15 Marks) • Internal Test – 2 (12 Marks)
Adaptive and rational expectations; policy ineffectiveness debate	Attfield, Demery and Duck, p.6-9, 18-28; Sheffrin p.34-40	October (Week 2-4)	
UNIT III: Microeconomics foundations of macroeconomic behaviours (18 lectures)			
Consumption: Keynesian consumption function; Fisher's theory of optimal intertemporal choice; lifecycle and permanent income Hypotheses; other theories of consumption expenditure – Duesenberry relative income hypothesis, Random walk model	Branson, p.239-268 (excluding the section on Permanent Income and Adaptive Expectations), 268-273 (excluding the section on Choice Structure and Disequilibrium)	November (Week 1-2)	• Home Assignment 2 (20 Marks) • 5 Marks for Viva (part of Continuous Assessment)
Investment: determinants of business fixed investment; residential investment and inventory investment.	Jones, Ch. 17, p.470-495	November (Week 3-4)	6 Marks for Attendance (part of Internal Assessment)

Readings

1. *Blanchard, O. (2018). Macroeconomics, 4th ed. Pearson Education.*
2. *C.L.F. Attfield, D. Demery and N.W. Duck (1991), Rational Expectations in Macroeconomics: An Introduction to Theory and Evidence, 2e.*

3. *Sheffrin, Steve (1996), Rational Expectations, 3e, Cambridge University Press.*
4. *Jones, Charles (2018), Macroeconomics, 4e, W W Norton & Co.*
5. *Branson, W. (2013). Macroeconomics: Theory and policy, 3rd ed, East West Press.*