

## **ECO-HC-3026: INTERMEDIATE MACROECONOMICS - I**

### **Course Description**

This course introduces the students to formal modeling of a macro-economy in terms of analytical tools. It discusses 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. It also introduces the students to various theoretical issues related to an open economy.

### **Course Outline**

#### **1. Aggregate Demand and Aggregate Supply Curves**

Derivation of aggregate demand and aggregate and supply curves; interaction of aggregate demand and supply.

#### **2. Inflation, Unemployment and Expectations**

Phillips curve; adaptive and rational expectations; policy ineffectiveness debate.

#### **3. 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:**

1. Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11<sup>th</sup> edition, 2010.
2. N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7<sup>th</sup> edition, 2010.
3. Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5<sup>th</sup> edition, 2009.
4. Steven M. Sheffrin, *Rational Expectations*, Cambridge University Press, 2<sup>nd</sup> edition, 1996.
5. Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education, Inc., 7<sup>th</sup> edition, 2011.
6. Errol D'Souza, *Macroeconomics*, Pearson Education, 2009
7. Paul R. Krugman, Maurice Obstfeld and Marc Melitz, *International Economics*, Pearson Education Asia, 9<sup>th</sup> edition, 2012.

