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# Macroeconomics II

Nikhil Damodaran

Fall 2021

Jindal School of Government and Public Policy  
O.P. Jindal Global University

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## 1. Course Synopsis

This course contains three broad discourses within the subject matter of macroeconomics. The first deals with long run economic growth. We examine factors which determine the growth trajectory economies could take and evaluate factors which determine these trajectories. The second part dwells into the role of expectations in macroeconomics in finance, in theories of consumption and investment and in economic policy. We conclude this course with a brief analysis of open economies by examining issues surrounding exchange rates in the global macroeconomic space.

## **2. Course Goals**

1. Build a basic model for a macro economy that helps you make sense of events all around the globe.
2. Discuss these events with the help of this model and comprehend aspects which need further thought.
3. Understand the central role of expectations in economic decisions and its relevance in driving macroeconomic aggregates.
4. Examine the role of technology as in the process of economic growth and examine methods to evaluate technological progress.
5. Understand basics of current account determination, and its association with exchange rate.
6. Present data which could test theories examined during the course of the semester.

## **3. Class Timing**

Fall 2021, TBA

*Pre-requisites:* Macroeconomics 1, Mathematics 1

## **4. Instructors and Office Hours**

Nikhil Damodaran

[Personal webpage](#)

E - ndamodaran[at]jgu[dot]edu[in]

Office: Cabin 6, T4, Academic Block, OP Jindal Global University

Office hours online on zoom.

## **5. Readings**

Required Text:

Blanchard, O. (2017). Macroeconomics, volume ISBN 10: 0-13-378058-9.  
Pearson Education, 7th edition edition.

Additional References:

Abel, A. B., Bernanke, B. S., and Croushore, D. (2014). Macroeconomics.

Pearson Education Inc., 8th edition edition.

Chugh, S. K. (2015). Modern macroeconomics. MIT Press.

D'Souza, E. (2009). Macroeconomics. Pearson Education.

Schmitt-Grohe, S., Uribe, M., and Woodford, M. (2021). International Macroeconomics. Princeton University Press, 1st edition.

## 6. Assessment

Assessments include internal evaluations which account for 50% of your total grade and an external end term exam for the remaining 50%. The internal is divided into a maximum of:

3 Quiz 30% (for each unit covered)

2 Assignments 10%

Class room participation 10%

Missed excusable reasons: under medical reasons will require approval from the academic dean along with a medical certificate.

Email Etiquette: For practical purposes as well as a practice, there is merit in writing a formal email to the instructor regarding the course. All emails for this course should have the following at the start of the subject:

EC 13 Macroeconomics II: "subject"

Any emails without this subject title makes it difficult for me to search through emails and could lead to no replies.

All submissions of assignments should be done in a single PDF file with the name of the file as your complete name. If you name your file anything else, I have to rename it. This implies a penalty of 1 point. The email subject should be Problem Set #

## 7. Course Contents

This syllabus is intended to give the student guidance in what may be covered during the semester and will be followed as closely as possible. However,

the instructor reserves the right to modify, supplement and make changes as the course needs arise.

Weekly Schedule:

*Topic 1: A Basic Macro Model*

Week 1: Review of IS-LM Models for Macroeconomy, *Ch 9*

*Topic 2: Introducing Economic Growth*

Week 2: The Facts of Growth, *Ch 10*

Week 3: Savings, Capital Accumulation and Output *Ch 11*

Week 4: Technological Progress and Growth

Week 5: Technological Progress: Unemployment

*Topic 3: The Role of Expectations*

Week 6: Financial Markets and Expectations *Ch 14*

Week 7: Expectations, Consumption and Investment

Week 8: Expectations, Output and Policy

Week 9: Mid Semester Assessment

*Topic 4: Open Economy Macroeconomics*

Week 10: Openness in Goods and Financial Markets *Ch 17*

Week 11: The Goods Market in an Open Economy

Week 12: Output, the Interest Rate and the Exchange Rate

Week 13: Exchange Rate Regimes

Week 14: Presentations

Week 15: Presentations

We will cover *all* the chapters mentioned in the syllabus. Remaining topics would be covered from the text modified to suit the course objectives.