



**School of Undergraduate Studies**  
**Ambedkar University Delhi**  
**Course Outline**

**Course Code:** SUS1EC106

**Title:** Macroeconomics II

**Type of Course:** Discipline (Economics)

**Cohort for which it is compulsory:** BA Honours  
Economics

**Cohort for which it is elective:** All other Majors

**Course Coordinator and Team:** Kalindi  
Maheshwari & Parag Waknis

**Email of course coordinator:**

**Pre-requisites:** Macroeconomics I

**No of Credits:** 4

**Semester and Year Offered:** IV

**Aim:** This course aims to give you a firmer understanding of macroeconomic theory. This course will continue from its sister course in the previous semester covering the standard economic analysis of the behaviour of economic aggregates like GDP, employment and the price level in a market economy characterized by the use of money and credit, bringing in also the open economy context.

As against a principles course, where a lot of concepts are introduced, in this class we will build models to gain a deeper understanding of the concepts. Stylized facts about macroeconomic data will be used to motivate theories or assess competing ones. We will also study the policy implications of these theories.

As learning objectives, at the end of the course students should be able to:

1. list the stylized facts about business cycles.
2. derive the labor supply curve using consumption leisure decision of the representative consumer.
3. describe a one period micro-founded model of the macroeconomy with the help of a graph.
4. use one sided search model to explain effect of labor market policies on unemployment rate.
5. demonstrate the consumption savings decision with the help of a graph.
6. derive the labor and capital demand curve by solving the representative firm's profit maximization problem.
7. use the real intertemporal model with investment model to highlight the differences between different schools of thought in macroeconomics.

As learning outcomes (overarching objectives) of the course, students should be able:

1. to identify how changes in key assumptions about the behavior of economic decision makers and key markets in the economy lead to competing macroeconomic theories.
2. to demonstrate how judgment about effectiveness of a particular policy depends on the theory or model used to analyse them.

The textbook for the course will be Stephen D. Williamson (2014), *Macroeconomics*, 5<sup>th</sup> Edition, Pearson Education. Additional references and class notes will fill in for material not covered in the book like the stylized facts for business cycles in India and other developing countries.

The following table gives the coverage plan. I reserve the right to make changes as deemed fit over the transaction of the course.

<b>Week</b>	<b>Plan/ Theme/ Topic</b>	<b>Objectives</b>	<b>Core Reading (with no. of pages)</b>
1	Introduction	To introduce students to the subject matter of the course. Topics like business cycles stylized facts, review of GDP and circular flow of income, schools of macroeconomic thought will be covered.	Chapter 3 and lecture notes.
1	Consumer and Firm behavior in the economy	To introduce students to microfoundations of aggregate behavior of households and firms.	Chapter 4
2	Consumer and Firm behavior in the economy	To introduce students to microfoundations of aggregate behavior of households and firms.	Chapter 4
3	A closed economy one period model of the macroeconomy	To introduce students to a one period model based on labor-leisure choice.	Chapter5
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5	A Two Period Model: The consumption savings decision and the credit markets	To introduce students to intertemporal decisions framework capturing dynamic decisions that households make.	Chapter 9
6	A Two Period Model: The consumption savings decision and the credit markets	To introduce students to intertemporal decisions framework capturing dynamic decisions that households make.	Chapter 9
7	Role of Credit Market Imperfections	To introduce students to the credit market frictions and their influence on household decision making.	Chapter 10

8	A Real Intertemporal Model with Investment.	To introduce students to a microfounded general equilibrium framework of the economy.	Chapter 11
9	Money, Business Cycles, and Monetary Policy	To introduce students to the role of money in the economy.	Chapter 12
10	Business Cycle Models with Flexible Prices-Real Business Cycles	To introduce students to various schools of thought in macroeconomics using a unified general equilibrium framework.	Chapter 13
11	New Keynesian Economics: Sticky Prices	To introduce students to various schools of thought in macroeconomics using a unified general equilibrium framework.	Chapter 14
12	International Trade in Goods and Assets	To introduce students to open economy dimensions using a unified general equilibrium framework.	Chapter 15

**Assessment Details with weights:**

<b>Component</b>	<b>Percentage Contribution</b>
<b>Quizzes/Problem Sets</b>	35%
<b>Group Project &amp; Presentations</b>	30%
<b>Final Exam</b>	35%