**Macroeconomic Theory II (ECO 222)**

**Spring Semester 2019**

**Class Days: Tuesday and Thursday**

**Course Pre-requisites:** Mathematics for Economics (ECO 101) and Macroeconomic Theory I / Intermediate Macroeconomics (ECO 201)

**Course Overview:**

This course is compulsory for all Economics Majors and is offered starting from the cohort of 2017-2020.

The process of economic growth and differences in patterns of growth within and across economies are some of the most interesting areas in economics. This course provides an introduction to the study of economic growth. The first two units of the course will be a theoretical exploration on the different sources of growth – population growth, technological change, accumulation of physical and human capital, geography, government and structural change. The analysis of these economic models will set the stage for the last unit where we will look at empirical studies on current patterns of growth. Students must be mathematically comfortable with concepts of functions, derivatives, integrals, ordinary differential equations. Some basic knowledge on regression analysis is also required.

**Learning Outcomes:**

* Students should understand growth concepts like: technological progress, capital accumulation, source of growth, endogenous growth, to name a few
* Students should be well aware of growth experiences of various countries or regions in the past few decades
* Students must be well read on stylized facts on economic growth
* Students must be able to write on topics in economic growth
* Exceptional students shall be comfortable with inter-temporal problems. They should be able to convert such questions in mathematical equations as well as English language

**Required Course Material:**

* Introduction to Economic Growth, by Charles I. Jones and Dietrich Vollrath. Third Edition
* Economic Growth, by David N Weil. Third Edition

Students should have a hard or soft copy of the textbooks. They should be able to do all end-of-chapter questions. Other books you can lookup are

* Unified Growth Theory, by Oded Galor
* Macroeconomics, by David Miles and Andre Scott. Second Edition
* Macroeconomics, by Charles I Jones. Third Edition
* Macroeconomics, by Richard T Froyen. Tenth Edition
* The Elusive Quest for Growth, by William Easterly
* The Mystery of Economic Growth, by Elhanan Helpman
* Why Nations Fail: The Origins of Power, Prosperity and Poverty, by Daron Acemoglu and James A. Robinson
* Why Growth Matters, by Arvind Panagariya and Jagdish Bhagwati
* The Growth Delusion, by David Pilling
* Macroeconomics, by Gregory N Mankiw. Fifth Edition

**Evaluation:**

Student grades have three components: final exam (40% weightage), midterm (30%) and essays (30%).

Final exam is a 100 marks, 2.5 hours assessment on the entire syllabus. Students should exhibit expertise in initial topics and in-depth knowledge of the latter ones discussed in the course.

Midterm exam is a 100 marks, 1.5 hours assessment on the syllabus. Students should exhibit expertise in initial topics and in-depth knowledge of the latter ones discussed in the course.

Good writing would be an important component of assessment in this course. Students have to submit **four essays**. No more than 2 essays would be graded in a month. The essays could be:

* Opinion piece on current economic events related to economic growth or macroeconomic variables, which have been discussed in The Economist or Financial Times or LiveMint.
* Review of a popular economics fiction book on economic growth or macroeconomic variables
* Get stylized facts using latest data and write on recent economic trends
* Answers to questions listed in the LMS

Students can submit at most 5 essays. They can reach out to TF or me for feedback on essays. More details on this would be available in the first class of the semester.

If the class participation appears low, we may include class quizzes. Copying from each other or verbatim from the source is plagiarism. Any essay which has a plagiarized content of over 20% will automatically get 0 marks.

The instructor does not entertain marks obsession. As is the Ashoka grading scheme:

* A letter grade = outstanding. Students know the mathematical techniques and have the ability to apply them in novel problems.
* B letter grade = good. Students have expertise in most of the mathematical techniques taught in the course. They may lack creativity in problem solving but are well trained to do well in any mathematical or applied course.
* C letter grade = adequate. Student knows enough. If s/he tries to revise the course content, s/he shall do well in any application of the course content.
* D letter grade = barely satisfactory. Student knows little. S/he requires guidance and then s/he would be able to apply the courses’ concepts.
* F letter grade = unsatisfactory. Student knows less than 40% of the course content. S/he has not achieved the minimum standards for this course.

**Course Rules:**

1. The central objective of the course is to learn intuition in economic concepts and write on economics. To achieve this goal, students are encouraged to write essays as well as end of the chapter questions.
2. You will be shared an online Excel sheet titled “Macroeconomic Theory II – Spring 2019”. It will record individual performances and attendance. It is your task to track it.
3. Students missing more than 10 classes would get F in their final grade. Absences related to medical emergencies or those related to out of campus travel for purposes of representing Ashoka shall be excused. I shall entertain such requests only after OAA has first verified and approved the absences.
4. If students are late in entering the class by more than 5 minutes, they would be marked absent. Late submissions would not be graded.
5. Only in exceptional circumstances shall you be allowed to switch lecture sections. Attendance shall not be marked if you do not attend your own lecture section.
6. There shall be no repeats if you miss the midterm. In case of absenteeism due to medical emergency or extra-curricular activities where a student represents Ashoka, you shall be given retests.
7. You would be asked to leave the class if you are found accessing non-course related material. Social media is not, in any way, related to my course.
8. You would be asked to leave the class if you are found walking around the class. Toilet or food breaks are not allowed in class.
9. There is zero tolerance for accessing resource materials in final exams or during midterm. If you are found, you will get an automatic F in the course.

**Discussion Section:**

There is a weekly discussion section where you would go over practice problems (about 10 a week) and get feedback on your draft essays. Solution to the DS questions shall not be provided. You are expected to attend DS or classes or read books for solutions. The time slot for discussions section is to be decided. Attendance is strongly encouraged. We hope that the DS would expose you to more interesting and involved problems in the subject.

**Course map:**

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| Lecture | Title | Book |
| 22 Jan | * Growth Takeoff
 | Chapters 1 – 2, Galor(Background Story. Not for Exams) |
| 24 Jan  | * Facts on Economic Growth
 | Chapter 1, Jones and Vollrath |
| 29 and 31 Jan, 5 and 7 Feb | * Solow Model
 | Chapter 2, Jones and Vollrath |
| 12 and 14 Feb | * Empirical Applications of Solow Model
 | Chapter 3, Jones and Vollrath |
| 19 and 21 Feb | * Population and Human Capital
 | Chapters 4 and 6, Weil |
| 26 and 28 Mar  | * Economics of Ideas
* The Engine of Growth
 | Chapters 4 and 5, Jones and Vollrath(not done: 4.5, 5.3, 5.4) |
| 12 Mar | MIDTERM EXAM  |  |
| 14 Mar | * Simple Model of Growth and Development
 | Chapter 6, Jones and Vollrath(not done: 6.4, 6.5) |
| 26 Mar | * Culture
 | Chapter 14, Weil  |
| 28 Mar  | * Geography
 | Chapter 15, Weil  |
| 2 April | * Social Infrastructure and Long-Run Economic Performance
 | Chapter 7, Jones and Vollrath |
| 2 April | * Role of Government
 | Chapter 12, Weil |
| 4 April | * Growth in Open Economy
 | Chapter 11, Weil |
| 9 and 11 April | * Financial markets and macro economy
* Role of the financial system
* Financial system and economic growth
* Financial crises: dynamics and macroeconomic effects, policy response
 | Ch. 14-15, Mishkin |
| 15, 16, 18 and 23 April | * Real Business Cycles
* DSGE Modelling
 | Chapter 8, 21-22, Mishkin |
| 25 April | * WRAP UP
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**How to Succeed in This Class:**

* Solve end of the chapter questions
* Read economics magazines. Write good essays. Talk to CWC or TF on feedback on essays. The essay needs to be written well, make a point, and provide empirical evidence for the point.
* Come to office hours or make an appointment. If you have any difficulty with the homework, or if you have any questions about the material, please don’t hesitate to come to office hours. If you can’t make regular office hours, feel free to make an appointment with me.

**Special Accommodation & Support:**

Ashoka University offers an inclusive education framework that welcomes, nurtures and supports students with learning difficulties. The Office of Learning Support (OLS) has been established at the University to design various activities related to the management of such learning difficulties. Students are welcome to request learning support for their specific condition and the university will make its best efforts to extend as much support as possible for each course. The university is geared to support learning difficulties due to Dyslexia, Dyscalculia, Dysgraphia, ADD/ADHD, and visual impairment.

Contact the OLS for any additional information you may seek to better understand the process and scope of their support services at ols@ashoka.edu.in

In addition to the OLS, there is also an on-campus counselling center at Ashoka University which is dedicated to the care and well-being of mental health of the Ashoka fraternity. It is comprised of trained therapists who offer a range of services. Email: well.being@ashoka.edu.in

*(This document was last updated on 22 January 2019)*