

Macroeconomics - Concepts and Issues – Syllabus

1. Basic concepts:

What is economics? The difference between laws of physics and economic theories. What are necessary and sufficient conditions? Relationships in economics are not linear but asymmetric and non-linear. What does it mean?

2. National Income:

What is GDP? What is nominal GDP and what is real GDP? How are they measured? Which one is more important and when? Is GDP the right way to gauge economic health? Japan has not been growing for almost three decades. Is it a special case? What is a middle-income trap? The successful transformation of East Asia.

3. Inflation and its drivers

What is inflation? Why is it important to control it? Is deflation always bad? What are the political and social factors behind inflation control? How did western countries control inflation since the 1980s? Why is inflation high in India? There is so much talk of a return of high inflation in America and elsewhere in the West? Will it happen? What would it take for it to happen?

4. Monetary and fiscal policy

What is monetary policy? What is central bank independence? Is judgement involved in conducting monetary policy or is it 100% rule-based? What should central banks be responsible for and why? Should central banks like the Reserve Bank of India target inflation? Transparency in and predictability of monetary policy? Are they always a good thing? What is fiscal policy? Which one is superior – fiscal or monetary policy? Why? Is it true that government spending crowds out private spending?

5. Exchange rates: basic concepts

What are exchange rates? Why are not all goods selling for the same price everywhere in the world? It should be profitable to borrow cheaply in dollars or yen, invest in India and make money. Is that a free lunch? What are fixed and floating exchange rates? Which one is better? What is a global reserve currency? How did the dollar become the global currency? Can the Chinese currency replace it? Today, most of us can transfer money around the world, buy property and invest in stocks around the world? Is it desirable or not?

Textbook

There are no textbooks for this course. The instructor will use his PowerPoint slides and provide lecture notes. That should be enough. To understand the concepts better, students, at their own leisure, can refer to videos in www.mruniversity.com and visit www.economicshelp.org