



MICROFOUNDATIONS OF MACROECONOMICS

PROF. WASIM AHMAD

Department of Economic Sciences
IIT Kanpur

TYPE OF COURSE : New | Core | UG/PG

COURSE DURATION : 8 Weeks (24 Jan' 22 - 18 Mar' 22)

EXAM DATE : March 27, 2022

INTENDED AUDIENCE : Senior UG and PG Students

INDUSTRIES APPLICABLE TO : Academia, Macroeconomic Research, Consultancy and Financial Services Industry

COURSE OUTLINE :

The course is designed to fulfill the need to understand the Microfoundations of macroeconomics. The course provides a detailed description of why microeconomic foundations are critical in understanding advanced macroeconomic theories. The course outline is highly relevant to the senior undergraduate, post-graduate students. The course is also beneficial to those aspirants who want to explore macroeconomics for high studies and plan to work with the central banks and organizations known for macroeconomic research. The course is also helpful for bank professionals and aspirants of Indian Economic Service who want to understand macroeconomics' deeper contexts from policy design and implementation perspectives. The course is also relevant for admission tests, GATE, and universities examinations

ABOUT INSTRUCTOR :

Prof. Wasim Ahmad is Associate Professor in the Department of Economic Sciences, IIT Kanpur. He also holds the PK Kelkar Chair of the Institute. He is also the Subir Chaudhary Fellow at the London School of Economics and Political Science (LSE). His areas of teaching and research are Macroeconomics, Finance and Applied Econometrics.

COURSE PLAN :

- Week 1:** One-Period Model of the Macroeconomy: Representative Consumer and Firms, Government, Competitive Equilibrium, and Optimal Solutions.
- Week 2:** Search and Unemployment: Theory and Practical Implications
- Week 3:** Two-Period Model of Macroeconomy: The Dynamics of Consumption-Savings Decision and Credit Markets: Consumption Smoothing; Euler's Condition; Implications for consumption theory in macroeconomics.
- Week 4:** Intertemporal characteristics of taxation and role of government. Theoretical set-up of Ricardian equivalence. Credit Market Equilibrium, Ricardian Equivalence, and Burden of the Government Debt.
- Week 5:** Credit market imperfections and role of asymmetry!
- Week 6:** Basics of monetary economics and monetary model in intertemporal set-up. Monetary Neutrality, Surprise models and the cases of zero lower bound and quantitative easing.
- Week 7:** New Keynesian and New Monetarist Models; Flexible vs Sticky Prices
- Week 8:** Understanding Open economy using Intertemporal Framework; Exchange Rate Dynamics; Capital Controls