

## Syllabus template

<b>Semester: VII</b>	
<b>Course : ECONOMICS</b>	
<b>Paper Title: OPEN ECONOMY MACROECONOMICS</b>	
<b>Paper code:</b>	<b>Credits: 6</b>
<b>Hours/week : 4 CLASSESS/WEEK + 2 HOURS OF SELF-DIRECTED STUDY</b>	
<b>Category: Core/MDC/SEC/VAC : CORE</b>	
<b>Theory / Practical / Composite : THEORY</b>	
<b>No of Modules : 2</b>	
<b>Course Overview/ Course Objectives:</b>	
<ol style="list-style-type: none"> <li>1. Analyze the extended Mundell-Fleming model</li> <li>2. Apply the extended model to the two-country case</li> <li>3. Study exchange rate dynamics</li> <li>4. Analyze economic growth in an open economy</li> <li>5. Study the working of dependent economies</li> <li>6. Study the features of speculative attacks and currency crises.</li> </ol>	
<b>Course Outcome: Module 1</b>	
1. <b>CO1:</b> Understand the framework of Mundell-Fleming Model with supply-side extension (Bloom's Level: <b>Understand, Remember, Analyse</b> )	
2. <b>CO2:</b> Understand and analyse the mechanics of fixed exchange rate	
3. <b>CO3:</b> Understand and analyse the mechanism of working under flexible exchange rates with varying degree of capital mobility Bloom's Level: <b>Understand, Remember, Analyse</b> )	
4. <b>CO4:</b> Analyse apply and evaluate the impact of fiscal and monetary policies in an extended Mundell-Fleming framework by integrating supply-side constraints and varying capital mobility. (Bloom's Level: <b>Analyse, Apply, Evaluate</b> )	
5. <b>CO5: Formulate</b> policy transmission mechanisms in a two-country setting to understand international economic interdependence. (Bloom's Level: <b>Apply/ Create</b> )	
6. <b>CO6: Explain and Simulate</b> the phenomenon of exchange rate overshooting using the Dornbusch model to account for price stickiness. (Bloom's Level: <b>Apply/Create</b> )	
<b>Course Outcome: Module 2</b>	
1. <b>CO1:</b> Understand the basic macroeconomic accounting relationships in an open economy and their relationship with balance of payments (Bloom's Level: <b>Understand, Remember, Analyse</b> )	
2. <b>CO2: Examine</b> the relationship between economic growth, the Balance of Payments (BoP), and long-run exchange rate movements. (Bloom's Level: <b>Analyse</b> )	
3. <b>CO3: Appraise</b> the structural dynamics of dependent economy models (Salter-Swan) and their internal/external balance requirements. (Bloom's Level: <b>Evaluate</b> )	
4. <b>CO4: Identify and Critique</b> the triggers of speculative attacks and the progression of currency crises using first generation models. (Bloom's Level: <b>Understand/Evaluate</b> )	
5. <b>CO5: Identify and Critique</b> the triggers of speculative attacks and the progression of currency crises using second generation models. (Bloom's Level: <b>Understand/Evaluate</b> )	

<b>Understand/Evaluate)</b>				
6. <b>CO6: Identify and Critique</b> the triggers of speculative attacks and the progression of currency crises using third generation models. (Bloom's Level: <b>Understand/Evaluate)</b>				
<b>Prerequisites: Intermediate level knowledge of Microeconomics and Macroeconomics</b>				
<b>SYLLABUS</b>				
Module	CONTENT	HOURS or NUMBER OF CLASSES	CO Mapping	COGNITIVE LEVEL
<b>Module I</b>	<b>Mundell-Fleming model with Supply-side and two-country extensions (35 marks)</b> 1. Extended Mundell-Fleming Model - introducing the supply-side, working under fixed and flexible exchange rate with different degrees of capital mobility, policy analysis, extensions to two countries  2. Dornbusch overshooting model	<b>2 Classes/ Week + 2 Hours Of Self-Study Per Week</b>	<b>CO1, CO2, CO3, CO4. CO5, CO6</b>	<b>K1, K2, K3, K4, K5, K6</b>
<b>Module II</b>	<b>Monetary Theory (35 marks)</b> 1. Growth, Balance of payments and exchange rate. 2. Dependent economy models <b>3. Speculative attack and currency crisis</b>	<b>2 Classes/ Week + 2 Hours Of Self-Study Per Week</b>	<b>CO1, CO2, CO3, CO4. CO5, CO6</b>	<b>K1, K2, K3, K4, K5, K6</b>
<b>Text Books</b>				
1. Ben Heijdra: Fundamentals of Modern Macroeconomics				
2. Giancarlo Gandolfo: International trade theory and policy, Springer				
3. Savno, Lucio and Taylor M P: The economics of exchange rate.				
4. Terra Christina: Principles of international finance and open economy macroeconomics				
5. P. Krugman and M. Obstfeld International Economics(8thEdition); Pearson Education				
6. R. Jones, R. Caves and J. Frenkel (CJF), World Trade and Payments, 4th edition				
<b>Suggested readings</b>				
1. Giancarlo Gandolfo, International Trade Theory and Policy, Springer, 2014				
2. Jagdish N. Bhagwati, T. N. Srinivasan and Arvind Panagariya, Lectures on International Trade, MIT Press, 1998				
3. Dornbusch, Rudiger: Open Economy Macroeconomics				
<b>Evaluation: CIA: 30 (20 +5 + 5)+ End Semester:70</b>				
<b>Paper Structure for Theory Semester Exam Module: Module 1: 3(out of 4)×5+ 2(out of 3)×10 Module 2: : 3(out of 4)×5+ 2(out of 3)×10</b>				

### Course outcomes (COs) and Cognitive Level Mapping

COs	CO Description	Cognitive levels
<b>Module 1</b>		
<b>CO1</b>	<b>CO1:</b> Understand the framework of Mundell-Fleming Model with supply-side extension (Bloom's Level: <b>Understand, Remember, Analyse</b> )	K1, K2, K3
<b>CO2</b>	<b>CO2:</b> Understand and analyse the mechanics of fixed exchange rate (Bloom's Level: <b>Understand, Remember, Analyse</b> )	K1, K2, K3
<b>CO3</b>	<b>CO3:</b> Understand and analyse the mechanism of working under flexible exchange rates with varying degree of capital mobility Bloom's Level: <b>Understand, Remember, Analyse</b> )	K1, K2, K3
<b>CO4</b>	<b>CO4:</b> Analyse apply and evaluate the impact of fiscal and monetary policies in an extended Mundell-Fleming framework by integrating supply-side constraints and varying capital mobility. (Bloom's Level: <b>Analyse, Apply, Evaluate</b> )	K2, K3, K4
<b>CO5</b>	<b>CO5: Formulate</b> policy transmission mechanisms in a two-country setting to understand international economic interdependence. (Bloom's Level: <b>Evaluate/ Create</b> )	K5, K6
<b>CO6</b>	<b>CO6: Explain and Simulate</b> the phenomenon of exchange rate overshooting using the Dornbusch model to account for price stickiness. (Bloom's Level: <b>Apply/Create</b> )	K5, K6
<b>Module 2</b>	<b>Course Outcome: Module 2</b>	
<b>CO1</b>	<b>CO1:</b> Understand the basic macroeconomic accounting relationships in an open economy and their relationship with balance of payments (Bloom's Level: <b>Understand, Remember, Analyse</b> )	K1, K2, K3
<b>CO2</b>	<b>CO2: Examine</b> the relationship between economic growth, the Balance of Payments (BoP), and long-run exchange rate movements. (Bloom's Level: <b>Analyse, Apply</b> )	K4, K5
<b>CO3</b>	<b>CO3: Appraise</b> the structural dynamics of dependent economy models and their internal/external balance requirements. (Bloom's Level: <b>Evaluate</b> )	K5
<b>CO4</b>	<b>CO4: Identify and Critique</b> the triggers of speculative attacks and the progression of currency crises using first generation models, Simulate the phenomenon (Bloom's Level: <b>Evaluate</b> )	K5
<b>CO5</b>	<b>CO5: Identify and Simulate</b> and the triggers of speculative attacks and the progression of currency crises using second generation models, . (Bloom's Level: <b>Evaluate, Create</b> )	K5, K6
<b>CO6</b>	<b>CO6: Simulate</b> the triggers of speculative attacks and the progression of currency crises using third generation models. (Bloom's Level: <b>Create</b> )	K5, K6