UNIVERSITY OF ECONOMICS - VARNA

FACULTY OF FINANCE AND ACCOUNTING

DEPARTMENT OF GENERAL ECONOMIC THEORY

Adopted by the FC (record №/ date): №2/06.03.2020 г.

Adopted by the DC (record №/ date): №7/18.02.2020 г.

ACCEPTED BY:

Dean:
(Assoc. Prof. Hr.Blagoycheva, PhD)

SYLLABUS

SUBJECT: MACROECONOMICS

DEGREE PROGRAMME: For all Programs in English; BACHELOR`S DEGREE

YEAR OF STUDY: 1; SEMESTER: 2;

TOTAL STUDENT WORKLOAD: 240 hours; incl. curricular 75 hours

CREDITS: 8

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

TYPE OF STUDY HOURS	**WORKLOAD, hours**	**TEACHING HOURS PER WEEK, hours**
CURRICULAR: incl. • LECTURES • SEMINARS/LAB. EXERCISES)	 45 30	 3 2
EXTRACURRICULAR	165	-

Prepared by:

1. ………………………………….. **(Assoc. Prof. Dr. Hr. Mavrov)**

2. …………………………………… **(Assoc. Prof. Dr. K. Gospodinov)**

Head of department …………………………………..
of General economic theory **(Assoc. Prof. Dr. Hr. Mavrov)**

I. ANNOTATION

Macroeconomics studies the behavior of national economies in market conditions and the course of this discipline is to introduce students to basic theoretical models through which measured variables, to describe and analyze macroeconomic phenomena such as unemployment, inflation, cyclical, budget deficit government debt, economic growth, money demand, money supply and other monetary equilibrium. Special attention is paid to the factors on which they depend most, to the possibilities, limitations and the instruments of fiscal and monetary policy to stabilize the economy and maintain economic growth.

The successful implementation of the educational content of the course assumes students need to be familiar with the basics of microeconomic analysis and have the necessary mathematical training of middle level.Through such a synthesis they are able to form knowledge of basic macroeconomic concepts, principles and approaches to macroeconomic analysis and to grasp the meaning of the different views and concepts on the functioning of macroeconomic system, and thus easily understand the inner logic and mechanisms of development of macroeconomic dependencies. Simultaneously, the course provides methodological and theoretical knowledge, skills and attitudes for the use of scientific methods in the analysis and management of macroeconomic processes - in particular, gives knowledge and analytical skills to assess the impact and effectiveness of the tools of fiscal, monetary, foreign trade and monetary policies. Building capacity for self-theoretical thinking, students that pass the course not only broaden and enrich their general knowledge, and have a theoretical foundation that allows them to understand, absorb and use scientific literature in the area of specialized economic disciplines - especially in the area of public finance, monetary theory and international economics and other disciplines.

II. THEMATIC CONTENT

№	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	**S**	**L.E.**
Theme 1. INTRODUCTION TO MACROECONOMICS AND MEASUREMENT OF MACROECONOMIC VARIABLES		**3**	**2**	
1.1.	Definition and characteristics of the market macro economy, circular-flow model			
1.2.	Basic parameters of the macro system, aims and tools of macroeconomic policy			
1.3.	GNP and GDP – definition, characteristics and comparison. Approaches to the measurement of GDP – production, expenditures and income method			
1.4.	Nominal and real GDP, potential and factual GDP			
1.5.	Other macroeconomic variables			
1.6.	Advantages and disadvantages of GDP as an indicator of aggregate economic activity			
Theme 2. AGGREGATE DEMAND AND AGGREGATE SUPPLY		**3**	**2**	
2.1.	Definition and aggregate demand curve, factors shifting the aggregate demand curve			
2.2.	Aggregate supply function and curve			
2.3.	Aggregate supply in the short and the long run			
2.4.	Shifting the supply curves			
2.5.	Definition and parameters of macroeconomic equilibrium.			
2.6.	Types of macroeconomic equilibrium			
Theme 3. MACROECONOMIC EQUILIBRIUM: CLASSICAL AND		**3**	**2**	

KEYNESIAN APPROACH				
3.1	Classical approach to market self-regulation			
3.2.	Say’s law. Interest rate, saving and investment in the classical theory			
3.3.	The role flexible wages and prices for the classical supply curve. Equilibrium at full employment			
3.4.	Keynesian approach and the necessity of government intervention.			
3.5.	Keynesian application of the classical theory			
3.6.	Keynesian short run aggregate supply curve. Equilibrium with unemployment			
Theme 4. FLUCTUATIONS AND BUSINESS CYCLE		**3**	**2**	
4.1.	Theoretic interpretation of the business cycle			
4.2.	Exogenous and endogenous theories of the business cycle			
4.3.	Basic factors, parameters of the phases and the mechanisms of the business cycle			
Theme 5. UNEMPLOYMENT		**3**	**2**	
5.1	Unemployment and its measures			
5.2.	Forms of unemployment			
5.3.	Natural rate of unemployment			
5.4.	Theories of unemployment – neoclassical and Keynesian theory of unemployment			
5.5.	Consequences of unemployment and governmental measures of employment			
Theme 6. INFLATION		**3**	**2**	
6.1.	Definition and measurement of inflation			
6.2.	Types of inflation and causes for inflation – demand induced inflation, cost induced inflation and inflation as a monetary phenomenon			
6.3.	Consequences of inflation and policy against inflation			
6.4.	Relationship between inflation and unemployment – Phillips curve			
Theme 7. ECONOMIC GROWTH		**3**	**2**	
7.1.	Definitions and measures of economic growth			
7.2.	Economic growth theories – neo-Keynesian, neoclassical and post-Keynesian models of growth			
7.3.	Factors of economic growth			
7.4.	Contemporary aspects and issues of economic growth			
Theme 8. AGGREGATE EXPENDITURES ANALYSIS		**3**	**2**	
8.1.	Elements of aggregate expenditures			
8.2.	Consumption function and saving function			
8.3.	Shifting the consumption function and the saving function			
8.4.	Investment function – definition and factors. Investment demand			
8.5.	Investment and income – accelerator principle			
8.6.	Government expenditures function and net exports function			
8.7.	Aggregate expenditures function			
Theme 9. DETERMINATION OF THE EQUILIBRIUM GROSS OUTPUT IN THE SIMPLE KEYNESIAN MODEL		**3**	**2**	
9.1.	Determination of the equilibrium gross output – basic assumptions of the model			

9.2.	approaches to the determination of the equilibrium gross output: the “product-expenditures” approach and the “saving-investment” approach			
9.3.	Changes in the aggregate expenditures function and macroeconomic equilibrium – changes in autonomous spending and in the marginal propensity of spend out of national income			
9.4.	Autonomous multiplier			
Theme 10. FISCAL POLICY, BUDGET DEFICIT AND GOVERNMENT DEBT		**3**	**2**	
10.1.	Definition and instruments of fiscal policy			
10.2.	Effects of fiscal instruments (government expenditures and taxation) on aggregate demand			
10.3.	GDP gaps and types of fiscal policy – expansionary and contractionary fiscal policy			
10.4.	Discretionary fiscal policy, tax multiplier and automatic stabilizers			
10.5.	Efficiency of fiscal policy			
10.6.	Definition of the budget and types of budgets			
10.7.	Budget deficit and sources of financing			
10.8.	Definition, classification and measurement of government debt.			
10.9.	Views on the burden of debt			
Theme 11. MONEY AND MONEY SUPPLY		**3**	**2**	
11.1.	Origin, functions and definition of money			
11.2.	Liquidity and purchasing power of money			
11.3.	Types of money – commodity money, paper money and billon coins, debt money. Contemporary money			
11.4.	Measuring the money stock in circulation			
11.5.	The creation of money by the banking system – banking and bank’s balance sheets. Deposit multiplication			
11.6.	Money stock, money base and money multiplier			
11.7.	Money supply function and curve			
Theme 12. MONEY DEMAND AND EQUILIBRIUM IN THE MONEY MARKET		**3**	**2**	
12.1.	General form of the money demand function, nominal and real money demand			
12.2.	Money demand curve			
12.3.	Money demand in the neoclassical model – transaction variant by Irving Fisher and Cambridge school equation			
12.4.	Keynesian “liquidity preference” function – Keynesian motives for money demand and “liquidity preference” curve			
12.5.	Money demand according to the contemporary monetarists			
12.6.	Money demand, money supply and the equilibrating mechanism of the money market			
Theme 13. MONETARY POLICY		**3**	**2**	
13.1.	Money and macroeconomic equilibrium – interaction between nominal and real sectors			
13.2.	Neoclassical, Keynesian and the Monetarists’ transmission mechanism			
13.3.	The debate over the efficiency of money policy			
13.4.	Money policy by the central bank – statute, functions and institutionalization of the central bank			
13.5.	Aims and instruments of the central bank’s money policy			

Theme 14. INTERNATIONAL TRADE AND POLICY		**2**	**2**	
14.1.	Definition and structure of international trade			
14.2.	Premises for international trade			
14.3.	Absolute and comparative advantages of international trade			
14.4.	Neoclassical analysis of comparative advantages and trade equilibrium. Sources of comparative advantages			
14.5.	Foreign trade policy – definition, types and instruments			
Theme 15. EXCHANGE RATE AND BALANCE OF PAYMENTS		**2**	**2**	
15.1.	Foreign exchange market and exchange rate			
15.2.	Basic characteristics of the foreign exchange market			
15.3.	Real exchange rate and net export			
15.4.	Basic characteristics of the balance of payments			
15.5.	Structure of the balance of payments			
Theme 16. ECONOMIC INTEGRATION		**2**	**-**	
16.1.	Definition and characteristics of economic integration			
16.2.	Degrees of regional economic integration			
16.3.	Static and dynamic effects of regional integration			
16.4.	European economic integration			
	Total:	**45**	**30**	

III. FORMS OF CONTROL:

№	TYPE AND FORM OF CONTROL	Number	extracur-ricular, hours
1.	**Midterm control**		
1.1.	Tests (mixed-type questions and problem solving)	**2**	**100**
	Total midterm control:	**2**	**100**
2.	**Final term control**		
2.1.	Examination (mixed type questions and problem solving)	**1**	**65**
	Total final term control:	**1**	**65**
	Total for all types of control:	**3**	**165**

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:
1. Parkin, M., Macroeconomics. 10th Ed., Prentice Hall, 2012.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Case, Karl E., Ray C. Fair, and Sharon M.Oster. Principles of Economics. 10th Ed., Prentice Hall, 2011.
2. Parkin, M., Economics. Boston, Pearson Ed. 2012.
3. Rethinking Development Strategies after the Financial Crisis, Geneva, United Nations, 2015.
4. Stiglitz, J. The Price of Inequality. Penguin books. 2013.
5. Piketty, T. Capital in the Twenty-First Century. Harvard University Press, 2013.
6. Parkin, M., Macroeconomics. 13th Ed., Prentice Hall, 2019.