# 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:		
<ul><li>incl.</li><li>LECTURES</li><li>SEMINARS/LAB. EXERCISES)</li></ul>	45 30	3 2
EXTRACURRICULAR	165	-

Prepared by:

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

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

Page 1 om 6

#### 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.

N⁰	TITLE OF UNIT AND SUBTOPICS	NUMBER OF H		HOURS	
		L	S	L.E.	
	e 1. INTRODUCTION TO MACROECONOMICS AND SUREMENT OF MACROECONOMIC VARIABLES	3	2		
1.1.	Definition and characteristics of the market macro economy, cir- cular-flow model				
1.2.	Basic parameters of the macro system, aims and tools of macroe- conomic 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 aggre- gate economic activity				
Them	e 2. AGGREGATE DEMAND AND AGGREGATE SUPPLY	3	2		
2.1.	Definition and aggregate demand curve, factors shifting the ag- gregate 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				
Them	e 3. MACROECONOMIC EQUILIBRIUM: CLASSICAL AND	3	2		

#### II. THEMATIC CONTENT

KEYN	NESIAN 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 interven- tion.			
3.5.	Keynesian application of the classical theory			
3.6.	Keynesian short run aggregate supply curve. Equilibrium with unemployment			
Them	e 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			
Them	e 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			
Them	e 6. INFLATION	3	2	
6.1.	Definition and measurement of inflation			
	Types of inflation and causes for inflation – demand induced in-			
6.2.	flation, cost induced inflation and inflation as a monetary phe-			
6.0	nomenon			
6.3.	Consequences of inflation and policy against inflation			
6.4.	Relationship between inflation and unemployment – Phillips curve			
Them	e 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			
Them	e 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			
	e 9. DETERMINATION OF THE EQUILIBRIUM GROSS PUT IN THE SIMPLE KEYNESIAN MODEL	3	2	
9.1.	Determination of the equilibrium gross output – basic assumptions of the model			

9.2.   the "product-expenditures" approach and the "saving-investment" approach     Changes in the aggregate expenditures function and macroeco-   9.3.     9.4.   Autonomous multiplier     Theme 10. FISCAL POLICY, BUDGET DEFICIT AND   3     GOVERNMENT DEBT   3     10.1.   Definition and instruments of fiscal policy     10.2.   tion on aggregate demand     10.3.   GDP gaps and types of fiscal policy – expansionary and contractionary fiscal policy     10.4.   Discretionary fiscal policy     10.5.   Effects of fiscal policy     10.6.   Definition, classification and measurement of government debt.     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.     11.3.   the reation of money by the banking system — banking and bank's balance sheets. Deposit multiplication   11.3.     11.3.   Torge of money — e-commodity money, apper money and billon   11.3.     11.1.   Origin, function and curve   11.4.     Them		approaches to the determination of the equilibrium gross output:			
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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   3     MONEY MARKET   3     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, 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   Noneycharities in the Monetarists' transmission mechanism	11.5.	coins, debt money. Contemporary money			
11.3.   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   3     MONEY MARKET   3     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, 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   Noney homey and the Monetarists' transmission mechanism	11.4.				
11.6.   Money stock, money base and money multiplier     11.7.   Money supply function and curve     Theme 12. MONEY DEMAND AND EQUILIBRIUM IN THE   3     12.1.   General form of the money demand function, nominal and real money demand   3     12.1.   General form of the money demand function, nominal and real   3     12.1.   General form of the money demand function, nominal and real   3     12.2.   Money demand curve   4     12.3.   Money demand in the neoclassical model – transaction variant by Irving Fisher and Cambridge school equation   5     12.4.   Keynesian "liquidity preference" function – Keynesian motives for money demand and "liquidity preference" curve   5     12.5.   Money demand, money supply and the equilibrating mechanism of the money market   5     12.6.   Money and macroeconomic equilibrium – interaction between nominal and real sectors   3   2     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors   5   1	11.5.				
11.7.   Money supply function and curve     Theme 12. MONEY DEMAND AND EQUILIBRIUM IN THE   3     MONEY MARKET   3     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, 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   Neoclassical Keynesian and the Monetarists' transmission mechanism	11.6				
Theme 12. MONEY DEMAND AND EQUILIBRIUM IN THE MONEY MARKET3212.1.General form of the money demand function, nominal and real money demand3212.1.General form of the money demand function, nominal and real money demand3212.2.Money demand curve4412.3.Money demand in the neoclassical model – transaction variant by Irving Fisher and Cambridge school equation112.4.Keynesian "liquidity preference" function – Keynesian motives for money demand and "liquidity preference" curve112.5.Money demand according to the contemporary monetarists112.6.Money demand, money supply and the equilibrating mechanism of the money market313.1.Money and macroeconomic equilibrium – interaction between nominal and real sectors32					
MONEY MARKET   3   2     12.1.   General form of the money demand function, nominal and real money demand   1     12.1.   General form of the money demand function, nominal and real money demand   1     12.2.   Money demand curve   1     12.3.   Money demand in the neoclassical model – transaction variant by Irving Fisher and Cambridge school equation   1     12.4.   Keynesian "liquidity preference" function – Keynesian motives for money demand and "liquidity preference" curve   1     12.5.   Money demand, money supply and the equilibrating mechanism of the money market   1     Theme 13. MONETARY POLICY   3   2     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors   1					
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, money supply and the equilibrating mechanism of the money market     12.6.   Money demand, money supply and the equilibrating mechanism of the money market     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors			3	2	
12.1.   money demand     12.2.   Money demand curve     12.3.   Money demand in the neoclassical model – transaction variant by     12.3.   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   3     Theme 13. MONETARY POLICY   3   2     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors   Neoclassical Keynesian and the Monetarists' transmission mechanism					
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, money supply and the contemporary monetarists     12.6.   Money demand, money supply and the equilibrating mechanism of the money market     Theme 13. MONETARY POLICY   3     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors     Neoclassical Keynesian and the Monetarists' transmission mechanism	12.1.				
12.3.   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   Neoclassical Keynesian and the Monetarists' transmission mechanism	12.2.	Money demand curve			
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     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors     Neoclassical Keynesian and the Monetarists' transmission mechanism	10.2	Money demand in the neoclassical model – transaction variant by			
12.4.   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   1	12.3.	Irving Fisher and Cambridge school equation			
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   1	12.4				
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   1     Neoclassical   Keynesian and the Monetarists' transmission mechanism   1	12.4.				
12.6.   of the money market     Theme 13. MONETARY POLICY   3     13.1.   Money and macroeconomic equilibrium – interaction between nominal and real sectors     Neoclassical Keynesian and the Monetarists' transmission mechanical sectors	12.5.	Money demand according to the contemporary monetarists			
Of the money market 3 2   Theme 13. MONETARY POLICY 3 2   13.1. Money and macroeconomic equilibrium – interaction between nominal and real sectors    Neoclassical Keynesian and the Monetarists' transmission mechanism	12.6				
13.1. Money and macroeconomic equilibrium – interaction between nominal and real sectors   Neoclassical Keynesian and the Monetarists' transmission mechanism	12.0.	of the money market			
13.1. nominal and real sectors   Neoclassical Keynesian and the Monetarists' transmission mech-	Them	e 13. MONETARY POLICY	3	2	
Neoclassical Keynesian and the Monetarists' transmission mech-	13.1.	•			
	13.2.	Neoclassical, Keynesian and the Monetarists' transmission mech-			
13.2. anism   13.3. The debate over the efficiency of money policy	12.2				
Money policy by the central bank – statute functions and institu-					
13.4. Woney poncy by the central bank – statute, functions and institu- tionalization of the central bank	13.4.				
13.5. Aims and instruments of the central bank's money policy	13.5.				

Them	e 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 equi- librium. Sources of comparative advantages			
14.5.	Foreign trade policy – definition, types and instruments			
Them	e 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			
Them	e 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:

Nº	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.