

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF „FINANCE AND ACCOUNTING“
DEPARTMENT „GENERAL ECONOMIC THEORY“

ACCEPTED BY:

Rector:

(Prof. Dr. Plamen Iliev)

SYLLABUS

SUBJECT: “MACROECONOMICS”;

DEGREE PROGRAMME: „International Business“; BACHELOR`S DEGREE

YEAR OF STUDY: 1; SEMESTER: 1;

TOTAL STUDENT WORKLOAD: 270 h.; incl. curricular 75 h.

CREDITS: 9

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURSE</i>	WORKLOAD, h.	TEACHING HOURS PER WEEK, h
CURRICULAR:	270	
incl.		
• LECTURES	45	3
• SEMINARS (lab. exercises)	30	2
EXTRACURRICULAR	195	-

Prepared by:

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

2.
(Assoc. Prof. Dr. V. Gargov)

Head of department:
„General Economic Theory“ (Prof. Dr. Zoya Mladenova)

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

No.	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
UNIT 1. INTRODUCTION TO MACROECONOMICS AND THE MEASUREMENT OF MACROECONOMIC VARIABLES		3	4	
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.			
UNIT 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.			
UNIT 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.			
UNIT 4. FLUCTUATIONS, BUSINESS CYCLE AND ECONOMIC GROWTH		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 mechanism of the passing of the business cycle.			
4.4	Definitions and measures of economic growth.			
4.5	Economic growth theories – neo-Keynesian, neoclassical and post-Keynesian models of growth.			
4.6	Factors of economic growth.			
4.7	Contemporary aspects and issues of economic growth.			
UNIT 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 unemployment.			
5.5	Consequences of unemployment and governmental measures for employment.			
UNIT 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 money phenomenon.			
6.3	Consequences of inflation and policy against inflation.			
6.4	Relationship between inflation and unemployment – Phillips curve.			
UNIT 7. AGGREGATE EXPENDITURES ANALYSIS		3	2	
7.1	Elements of aggregate expenditures.			
7.2	Consumption function and saving function.			
7.3	Shifting the consumption function and the saving function.			
7.4	Investment function – definition and factors. Investment demand.			
7.5	Investment and income – accelerator principle.			
7.6	Government expenditures function and net exports function.			
7.7	Aggregate expenditures function.			
UNIT 8. DETERMINATION OF THE EQUILIBRIUM GROSS PRODUCT IN THE SIMPLE KEYNESIAN MODEL		3	2	
8.1	Determination of the equilibrium gross product – basic assumptions of the model.			
8.2	Approaches to the determination of the equilibrium gross product: the “product-expenditures” approach and the “saving-investment” approach.			
8.3	Changes in the aggregate expenditures function and macroeconomic equilibrium – changes in autonomous spending and in the mar-			

	ginal propensity of income spending			
8.4	Autonomous multiplier.			
UNIT 9. FISCAL POLICY, BUDGET DEFICIT AND GOVERNMENT DEBT		3	4	
9.1	Definition and instruments of fiscal policy.			
9.2	Effects of fiscal instruments (government expenditures and taxation) on aggregate demand.			
9.3	GDP gaps and types of fiscal policy – expansionary and contractionary fiscal policy.			
9.4	Discretionary fiscal policy, tax multiplier and automatic stabilizers.			
9.5	Efficiency of fiscal policy.			
9.6	Definition of the budget and types of budgets.			
9.7	Budget deficit and sources of financing.			
9.8	Definition, classification and measurement of government debt.			
9.9	Views on the burden of debt.			
UNIT 10. MONEY AND MONEY SUPPLY		3	2	
10.1	Origin, functions and definition of money.			
10.2	Liquidity and purchasing power of money.			
10.3	Types of money – commodity money, paper money and billon coins, debt money. Contemporary money.			
10.4	Measuring the money stock in circulation.			
10.5	The creation of money by the banking system – banking and bank’s balance sheets. Deposit multiplication.			
10.6	Money stock, money base and money multiplier.			
10.7	Money supply function and curve.			
UNIT 11. MONEY DEMAND AND EQUILIBRIUM IN THE MONETARY SECTOR		3	2	
11.1	General form of the money demand function, nominal and real money demand.			
11.2	Money demand curve.			
11.3	Money demand in the neoclassical model – transaction variant by Irving Fisher and Cambridge school equation.			
11.4	Keynesian “liquidity preference” function – Keynesian motives for money demand and “liquidity preference” curve.			
11.5	Money demand according to the contemporary monetarists.			
11.6	Money demand, money supply and the equilibrating mechanism of the money market.			
UNIT 12. MONEY POLICY		3	2	
12.1	Money and macroeconomic equilibrium – interaction between nominal and real sectors.			
12.2	Neoclassical, Keynesian and the Monetarists’ transmission mechanism.			
12.3	The debate over the efficiency of money policy.			
12.4	Money policy by the central bank – statute, functions and institutionalization of the central bank.			
12.5	Aims and instruments of the central bank’s money policy.			
UNIT 13. INTERNATIONAL TRADE AND POLICY		3	2	
13.1	Definition and structure of international trade.			
13.2	Premises for international trade.			
13.3	Absolute and comparative advantages of international trade.			
13.4	Neoclassical analysis of comparative advantages and trade equilibrium. Sources of comparative advantages.			

13.5	Foreign trade policy – definition, types and instruments.			
UNIT 14. EXCHANGE RATE AND BALANCE OF PAYMENTS		3	-	
14.1	Foreign exchange market and exchange rate.			
14.2	Basic characteristics of the foreign exchange market.			
14.3	Real exchange rate and net export.			
14.4	Basic characteristics of the balance of payments.			
14.5	Structure of the balance of payments.			
UNIT 15. ECONOMIC INTEGRATION		3	-	
15.1	Definition and characteristics of economic integration			
15.2	Degrees of regional economic integration.			
15.3	Static and dynamic effects of regional integration.			
15.4	European economic integration.			
Total:		45	30	

III. FORMS OF CONTROL:

No. by row	TYPE AND FORM OF CONTROL	№	extra-curricular, h.
1.	Midterm control		
1.1.	Tests (mixed-type questions and problems)	2	90
1.2.	Final electronic test	1	45
Total midterm control:		3	135
2.	Final term control		
2.1.	Examination (mixed type questions and problems)	1	60
Total final term control:		1	60
Total for all types of control:		13	195

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Parkin, Michael. Macroeconomics (10th Edition), 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, Michael, Economics, Boston, Pearson Ed. 2012

3. Rethinking Development Strategies after the Financial Crisis, Geneva, United Nations, 2015