

Compulsory Subject

Syllabus

Macroeconomics

1 Theoretical and methodological origins of macroeconomics. Role of state in market economy

- a/ Development of economic theories
- b/ Outline of development of macroeconomic theories from the 1970s (New Classical Macroeconomics, New Keynesianism, Theory of Economic Disequilibrium, New Economics)
- b/ Macroeconomics from the perspective of microeconomic and macroeconomic interdependencies
- c/ Measurement of economic productivity and its indicators: GNP, GDP, NNP, NDP, NI, NEW.
- f/ Differing opinions on the role of state in the economy and their historical development. Economic Policy. Goals and instruments of economic policy. Public choice theory.

2 Models of aggregate demand and aggregate supply

- a/ Classical and Keynesian approach towards AD and AS. AD and AS curves
- b/ Two approaches towards determination of short-run macroeconomic equilibrium:
 - multiplier approach - from the position of AD – consumption, saving and investment role; multiplier,
 - determination of output and short-run equilibrium through the interaction of AD and AS
- c/ Equilibrium on the goods market and the IS curve. Equilibrium on the money market and the LM curve.
- d/ Labor market in complex AD and AS models.
- e/ State economic policy and its impact on macroeconomic equilibrium –IS-LM model.

3 Money and its role in the economy. Inflation as a macroeconomic problem

- a/ Money – concept, function, forms. Mechanisms of money creation; Equilibrium on the money market and the LM curve
- b/ Inflation:
 - Concept of inflation and problems with its measurement. Core and net inflation
 - Inflation and its forms from the perspective of causes, effects and impact
 - Approaches to its solution – deflation and costs of disinflation
 - Relationship of inflation and unemployment – Phillips curve
 - Modern theories of inflation and antiinflation policy. Inflation targeting

4 Macroeconomics of open economy

- a/ Concept of an open economy. Measures of openness
- b/ Modeling of an open economy:
 - Balance of payments and its components
 - Interest rates and its forms
 - Balance of payments equilibrium. BP curve. Theoretical approaches to PB
- c/ Macroeconomic models of open economy - Mundell-Fleming model
 - Analysis of fiscal, monetary measures at fixed prices, fixed and elastic exchange rates. IS-LM-BP model
 - Analysis of fiscal and monetary measures at elastic prices, fixed and elastic exchange rates
- d/ Theoretical approaches of a monetary union and requirement for Slovakia's accession to the EMU

5 Labour market

- a/ supply and demand on labour market, differences to other goods markets
- b/ is labour market close to perfect competition?
- c/ Inverse labour supply curve
- d/ labour market structure, employment, unemployment, rates

Literature for Macroeconomics:

Elementary (prerequisite)

Samuelson, P.A.–Nordhaus W.D.: Economics. 19th edition, Mcgraw- Hill. 2009. (could be also some other edition)

Mankiw, N. G.: Principles of economics, 2012.

Basic:

Blanchard, O.: Macroeconomics. Pearson, UK. 2012. (or any other edition)

Dornbusch, R. – Fischer S.: Macroeconomics. Mcgraw-Hill. 1994.

Additional:

Gowland, D.: Understanding Macroeconomics. Elgar, 1990.

Questions for Macroeconomics

1. Outline the development of macroeconomic theories from the perspective of competition of various theoretical approaches and explain the relationship between macroeconomic and microeconomic relations.
2. Characterize various theoretical approaches on state's role in economy and the historical development of this role.
3. Explain the essence, goals and instruments of economic policy. Characterize individual approaches in applications of different types of economic policy and the theory of public choice.
4. Characterize labour market and its differences from perfect competition and other good's markets
5. Explain two approaches for determination of short-run macroeconomic growth: multiplier approach (from the position of AD – consumption, saving and investment role, multiplier) and determination of output and short-run equilibrium through the interaction of AD and AS.
6. Expound the nature of money, its place and role in economy and characterize theories of money in historical perspective.
7. Characterize inflation as a macroeconomic problem (nature, forms, measurement and reporting) and show its effects, impact and solutions of various theoretical approaches.
8. Characterize open economy and its measurement and model solutions; explain the balance of payments – equilibrium and BP curve and outline macroeconomic context of BP.
9. Elucidate the gist of macroeconomic models of open economy- Mundell-Fleming model from the perspective of fiscal and monetary measures.
10. Characterize theoretical bases of a monetary union and the relationship of a monetary and a fiscal policy in a monetary union and its advantages and disadvantages, describe the problems of Slovakia's accession to the EMU.