

Department/Unit / Abbreviation: EVS / NAMAB
Title: Macroeconomics
Form of course completion: Exam
Form of examination: combined
Course objectives: The course develops knowledge that students of master degree programs have acquired during the studying of courses of basic economics in bachelor study programs. Students will acquire theoretical and methodological knowledge in the creation and implementation of macroeconomic equilibrium models in the terms of closed and then in open economy. They will pay their attention to the issue of inflation and labour market and then also to the issue of long-term economic growth. In summary the course develops student's knowledge acquired in basic course of macroeconomics, at a higher level, with extensive use of formalized notations of complex macroeconomic context.
Requirements on student: attendance in seminars 60 %, final combined exam
Content: <p>Keynesian Models Two- sector national model and equilibrium income. Consumption, investment and savings function. Output-Expenditure approach. Three sector model – tax, consumption and government expenditure function. Aggregate expenditure function and equilibrium national income. Four-sector model – import, export and net export function. Output Expenditure approach: equilibrium national income. Crowding out effect.</p> <p>Open Economy and Balance of Payment Characteristic of open economy. Trade balance and net capital outflow. Savings and investment in open economy. Prices for international transactions – nominal and real exchange rate. Appreciation and depreciation. Balance of payment and its structure. Current account, capital and financial account, statistical discrepancy. Credit and debit flows in balance of payment.</p> <p>Model IS-LM, IS-LM- BP The current balance on goods market and the market of assets IS-LM model. The effectiveness of fiscal policy and monetary policy through the prism of IS-LM model. The effect of changes in the expected rate of inflation at the level of income in the economy. Effectiveness of fiscal and monetary policy through the prism of the IS-LM-BP in conditions of perfect mobility of capital and the system of fixed and flexible exchange rates.</p> <p>Model AS-AD Aggregate demand and its structure, characteristics of aggregate demand curve and its formalization. Influence of fiscal and monetary policy on shifts in the aggregate demand and aggregate supply curves. Dynamization of the model AS-AD. Fiscal and monetary policy in the case of the dynamic aggregate demand and aggregate supply curves.</p> <p>Business cycle theory Long-run and short-run determination of growth and business cycles. Characteristic of growth and business cycle. Theoretical approach to the business cycle – classicals, keynesians and monetarists. Leading, coincident and lagging indicators of business cycles. Causes of fluctuations. The phases of business cycles. International aspects of business cycles.</p>

Economic Growth

The factors of economic growth – natural resources, investment in human capital, investment in capital goods and entrepreneurship. Costs and benefits of economic growth, the issue of welfare and environmental impact of economic growth. Opportunity costs of growth. Economic growth and possibility frontiers. Economic growth and convergence. Empirical cases of economic growth.

Prerequisites - **None**

Competences acquired: **Student will gain knowledge of advanced macroeconomics. The acquired knowledge will be the basis for further study of economically oriented courses taught in the Master's degree programs.**

Literature:

Compulsory:

ROMER, D., 2018. *Advanced Macroeconomics*. 5th edition. New -York: McGraw-Hill. ISBN 978-1-260-18521-8.

MANKIEW, N. G. 2019. *Macroeconomics*. 10th Edition. New York: Worth Publishers. ISBN 978-1-319-24358-6.

Recommended:

COWEN, T. and A. TABARROK, 2018. *Modern Principles of Macroeconomics*. New York: Worth Publishers. ISBN 978-1-319-18206-9.

BLANCHARD, O., 2017. *Macroeconomics*. 7th Edition. London: Pearson Education Limited. ISBN 978-1-292-16050-4.