

# MACROECONOMICS

## Syllabus :

### **Chapter 1. Introduction in Macroeconomics**

The Science of Macroeconomics. Goals and Methods of Macroeconomic Analysis. The Economy in the Short Run. The Economy in the Long Run. Two Periods and Two Approaches in Macroeconomics. Prices Flexible versus Sticky. The Republic of Moldova. in the Global Economy.

### **Chapter 2. The Data of Macroeconomics.**

Measuring the Value of Economic Activity: Gross National Product . Gross Domestic Product. Income. Other Statistics in the National Income Accounts. Expenditure and the Circular Flow. Stocks and Flows. Some rules for Computing GNP. Intermediate Goods and Value Added. Housing Services and Other Imputations. Imputed Value. The Treatment of Inventories. The Components of Expenditure. The Components of Income. Methods of calculation of the Gross National Product, Net National Product, National Income, Personal Income, Disposable Personal Income. Real GNP versus Nominal GNP. The GNP Deflator. Paasche Index. Measuring the Cost of Living: The Laspeyres Index. Fisher price Index. The CPI versus the GNP Deflator. Dynamics of the main macroeconomic indicators of the Republic of Moldova.

### **Chapter 3. Macroeconomic instability**

The Theory of real Business Cycles. The Economy Under the Flexible Price .A Real Business Cycle Model. Real Aggregate Demand and Aggregate Supply. Changes in the Fiscal Policy. Shocks to Technology. The Flexibility of Wages and Prices. Definition and Causes of Macroeconomic Instability. Structure and Types of Business Cycles. Fluctuations in Macroeconomic Indicators on the Different Phases of the Business Cycles. Business Cycles and the Potential GNP. The Role of Macroeconomic Policy in Stabilizing of the Economy.

### **Chapter 4. Labor Market and Unemployment**

Labor Market and its components. Equations and interpretation of graphics. Job Loss, Job Finding and the Natural Rate of Unemployment. Types of unemployment. Job Search and Frictional Unemployment. Sectoral Unemployment. Real-Wage rigidity and Wait Unemployment. Unemployment Insurance and Job Finding. Efficiency Wages. Discouraged Workers. Measuring of unemployment. Unemployment costs. The Model of the Natural Rate of Unemployment. Duration of Unemployment. GDP GAP and Okun`s Law. Hysteresis in unemployment. .Labor market in Republic of Moldova.

### **Chapter 5. Inflation: Macroeconomic aspects.**

The concept, causes, types and measurement of inflation. Inflation Caused by Aggregate Demand. Inflation Caused by Rising Production Costs. Assessment of inflation.70 Rule. The Quantity Theory of Money and Inflation. Money, Prices and Inflation. Inflation and Interest Rates. Nominal and Real Interest Rates. The Fisher effect. The Real Interest Rates: Ex Ante and Ex Post. Inflation and Unemployment: the Phillips Curve. Phillips curve in the short and long run. Graphical interpretation of the Phillips curve. Phillips curve equation and its economic meaning. Sacrifice Ratio and Trade-off between Inflation and Unemployment in the Short Run. Inflation and Economic Growth. Hysteresis Inflation. The Classical Dichotomy. Deflation. Hyperinflation. How to Stop Hyperinflation.

Disinflation. . The Social Cost of Inflation. Expected and Unexpected Inflation. Anti-inflation policy. Classical dichotomy  
Anti-inflationary policy : Global experience.

### **Chapter 6. Macroeconomic equilibrium in the AD-AS model**

The Demand for Goods and Services.. The Determinants of Aggregate Demand and its Graph Interpretation. What is Consumption? Consumption Function and Equation. Disposable Income and the Marginal Propensity to Consume. What is Investment?. The Investment Function and Equation. What is Government Purchases? Government Purchases and Taxes. A Balance Budget. A Budget Deficit. A Budget Surplus. What is a Net Exports? Net Exports Function and Equation. Aggregate Supply: Classical and Keynesian Approaches. Sticky-Wage Model. The Worker Misperception Model. The Imperfect –Information Model. The Sticky-price Model. Macroeconomic Equilibrium and the Interest Rate: Equilibrium in the Market of Goods and Services: The Supply and Demand For the Economy’s Output. Equilibrium in the Financial Market: The Supply and Demand for Loanable Funds. Aggregate Demand and Aggregate Supply Policy: Global experience.

### **Chapter 7. Government Budget and Fiscal Policy**

The concept and structure of the Government Budget. The Budget deficit and the budget surplus. Government Budget Constraint Fiscal deficit and the National Debt. Distinction between structural and cyclical deficits. The Two Views of Government Debt. Traditional View on Government Debt. Ricardian View on Government Debt. Adjusting the Budget Deficit for Inflation. The impact on the economy. Methods of Financing the Government Budget Deficit. Seigniorage. Oliver-Tanzi Effect. Laffer Curve. Automatic stabilizers. Fiscal policy and its impact on the Budget Deficits in the Short and Long Run. Discretionary Fiscal policy. Rules for Fiscal Policy. The Case of the RM.

### **Chapter 8. Money Market and Monetary Policy**

The Components and Structure of the Money Market. The Equilibrium Conditions of the Money Market. Money Supply. The Model of the Money Supply. Monetary Base. High-Powered Money. Monetary Aggregates. Money Multipliers. The Money Demand. Portfolio Theories of Money Demand. Transactions Theories of Money Demand. Liquidity Trap. The Fisher Effect. The Instruments of Monetary Policy. Rules for Monetary policy. Money Market in the RM.

### **Chapter 9. The IS-LM Model**

General Characteristics of the IS-LM Model. The Goods Market and the IS Curve. The Keynesian Cross Model and an equilibrium on the market of Goods and Services. The Adjustments to Equilibrium in the Keynesian Cross. The Government Purchases Multiplier. The Tax Multiplier. The Simple Algebra of the IS Curve. The Theory of Liquidity Preference. Equilibrium on the Money Market and LM Curve. The Monetary Policy: Shifts the LM curve. The Simple Algebra of the LM Curve. Explanation Fluctuations with the IS-LM Model. An IS- LM model as a Theory of Aggregate Demand. IS-LM in a Short and a Long Run. Pigou Effect. Policy Analysis with the IS-LM model: Global Experience

### **Chapter 10. The Open Economy and the Balance of Payments**

Open Economy Versus Closed Economy. A Role of the Net Export. An Assessing of a Degree of Economic Openness. International Trade Theory. GNP versus GDP. A Capital Account and a Current Account of the Balance of Payments. The International Flows of Capital and Goods. The Model of a Small Open Economy. Interest rate in a small Open Economy. How Policies Influence the Capital Account and the Current Account. Evaluating of an economic policy. The balance of payments in the Republic of Moldova.

## Chapter 11. Exchange Rates and Equilibrium in the Small Open Economy

Nominal and Real Exchange Rates. The Real Exchange Rates and Net Export. How Policies Influence the Real Exchange Rate. The Effects of Trade Policy. The Determinants of the Nominal Exchange Rate. The Purchasing Power Parity. The Determinants of the Real Exchange Rate. The Effects of Trade Policies in the

Small Open Economy under Floating Exchange Rates. The Effects of Trade Policies in the Small Open Economy under Fixed Exchange Rates.

### Bibliografia recomandată :

1. Gregory N Mankiw. Principles of Macroeconomics, 7th Edition 2014
2. Student Guide and Workbook by Roger T. Kaufman
3. Abel Bernanke. Macroeconomics 6 edition, 2008. 768 c
4. Campbell R. McConnell, Stanley L. Brue, Sean M. Flynn, Macroeconomics: Principles, Problems and Policies, 18 Ed., McGraw-Hill, 2009.
5. Joseph E. Stiglitz with Carl E. Walsh, *Principles of Macroeconomics, 4 Ed*, W. W. Norton & Company, 2011
6. Paul Krugman, Robin Wells, Macroeconomics, Worth Publishers, 2009.
7. Пышкина Т.В. Макроэкономика. Кишинев, 2012. — 302 с
8. Teorie economică. Vol. II. „Macroeconomie” / Coord.: A. Tomşa. Chişinău: 2013. 332 p.
9. Strategia Națională de Dezvoltare a Republicii Moldova 2012-2020
10. Strategia Națională de dezvoltare regională 2016-2020
11. Strategiei securității naționale a Republicii Moldova 2011.