

PROGRAM FOR DOCTORAL EXAM
PROFESSIONAL FIELD 3.8. ECONOMICS
MACROECONOMICS * **

1. ***Basic concepts of macroeconomic theory*** (1,24), (3,20)
 - The Neoclassical and Keynesian theory.
 - The Monetarist theory and rational expectations.
 - The Theory of Real Business Cycle and the Neo-Keynesian economics.
 - New political macroeconomics and institutional economics.

2. ***Macroeconomic aggregates and national accounts*** (3,2), (4,4)
 - System of National Accounts. Organization of information and principles of compilation.
 - GDP. Methods of measuring GDP. Nominal and real GDP. GDP deflator. Indicators of economic activity.
 - Inflation. Measuring inflation. Types of inflation.
 - Interest rates. Nominal and real interest rates. The Fisher's equation. Linkages between inflation and interest rates.

3. ***Financial programming model and flow of funds accounts*** (5)
 - Key macroeconomic identities.
 - Key macroeconomic imbalances.
 - Financial programming model.
 - Principles of compiling and analyzing the flow of funds accounts.

4. ***Fundamentals of economic growth theory*** (3,3), (3,4)
 - The Cobb-Douglas production function. Properties.
 - The Solow growth model. Growth accounting.
 - Capital accumulation, population growth, technological progress and economic growth. The Golden rule.
 - The Convergence hypothesis. Conditional convergence.

5. ***Labour Market and Unemployment*** (3,5)
 - Main concepts of the labour market. Demand and supply in the labour market. Labour market equilibrium.
 - A static interpretation of unemployment. Involuntary unemployment.
 - A dynamic interpretation of unemployment. Flows of people on the labour market.

* The PhD students who have successfully passed a Macroeconomics III exam at the Department of Statistics and Econometrics do not take an additional exam on Macroeconomics under this program.

** The attendance of the courses in Macroeconomics and Macroeconomics II at the Faculty of Economics and Business Administration will support the preparation for the PhD exam.

- The equilibrium rate of unemployment. Frictional and structural unemployment.

6. Consumption and investment (3,8), (2,2)

- Consumption. Determinants of consumption. The consumption function.
- Investment. The optimal capital stock. The accelerator principle. Determinants of investment. The investment function.
- Bank and non-bank (market) financing.
- Debt and equity instruments – characteristics and types.

7. Money and monetary policy (3,9), (4,23)

- Monetary and credit aggregates. Financial institutions – commercial banks and central bank.
- The process of money creation. The money multiplier. Central bank control of the money supply.
- The demand for money. The short-run money market equilibrium.
- Monetary policy. Instruments and targets. The Taylor rule.

8. Fiscal policy and public debt (3,17)

- Government intervention in the economy. Fiscal policy goals.
- Macroeconomic stabilization. Types of fiscal policy.
- Budget balance. Deficit finance.
- Public debt and seigniorage. Public debt stabilization.

9. Public Debt Markets (2,14), (2,15)

- Key features of debt financial instruments.
- Risk-free debt instruments and public debt.
- Yields and spot rates of risk-free assets.
- Forward rate. Term structure of interest rates.

10. Macroeconomic equilibrium in the short run (3,10), (4,20)

- Aggregate demand. Determinants of demand.
- The goods market equilibrium. The desired demand function. The Keynesian multiplier. Derivation of the IS curve.
- The money market equilibrium. The Taylor rule and the TR Curve. The slope of the TR schedule.
- Macroeconomic equilibrium in the IS-TR model. Changes in the goods and money market equilibrium due to fiscal and monetary policy shocks.

11. Short-run equilibrium of goods, money and foreign exchange markets (3,11)

- The IS-TR-IFM model. Basic assumptions.
- The equilibrium of international financial markets.
- Output and interest rate determination under fixed and flexible exchange rate.
- Fiscal and monetary policy shocks to goods, money and foreign exchange markets.

12. Dynamic Analysis of Output, Inflation and Unemployment (3,12), (4, Appendix to Chapter 22)

- The medium run in macroeconomics. From the Keynesian short run to the neoclassical long run.
- The Phillips curve. The augmented Phillips curve. The Okun's Law.
- Inflation. Prices and costs. The underlying and expected inflation rate.
- Aggregate supply. Derivation of the aggregate supply curve.

13. Aggregate demand and aggregate supply (3,13)

- Aggregate demand under fixed and flexible exchange rate in the short and long run. The aggregate demand curve. Shifts of the aggregate demand curve.
- Aggregate supply under fixed and flexible exchange rate in the short and long run. The aggregate supply curve. Shifts of the aggregate supply curve.
- Macroeconomic equilibrium in the short and long run under fixed and flexible exchange rate.
- Demand and supply shocks. Disinflation.

14. Demand management policies (3,16)

- The essence of the demand management policies.
- The Keynesian and neoclassical interpretation of demand management policies.
- Feasible demand management policies. Uncertainty and policy lags.
- Sources of business cycle fluctuations.

15. Policies for the long run (3,18)

- Market efficiency and the theory of supply-side policy.
- Product market policies and taxation.
- Labour market policies. Imperfect information.
- Supply-side policy in practice.

REFERENCES:

1. Blanchard, O. (2017), *Macroeconomics*, Pearson Prentice Hall, Seventh Edition
2. Bodie, Z., Kane, A. Marcus (2014), *Investments*, McGraw-Hill Education, Tenth Edition
3. Burda, M., C. Wyplosz (2013), *Macroeconomics /A European Text/*, Sixth Edition, Oxford University Press
4. Mishkin, F. (2013), *The Economics of Money, Banking, and Financial Markets*, Tenth Edition, Pearson Addison Wesley
5. Ouanes, A., S. Thakur (1997), *Macroeconomic Accounting and Analysis in Transition Economies*, IMF Institute

Note: The numbers in brackets after each topic indicate the chapter(s) from references that is/are recommended for exam preparation. The abovementioned literature can be found in the Library of the Faculty of Economics and Business Administration.