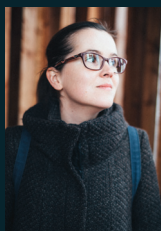




Učebnica dvoch autoriek z Katedry ekonómie na Ekonomickej fakulte Univerzity Mateja Bela má ambíciu pomôcť študentom a iným záujemcom porozumieť základným makroekonomickým problémom. Autorky v jedenástich kapitolách využili vlastné poznatky a skúsenosti z výučby ekonomických disciplín v anglickom jazyku na Slovensku, ako aj výsledky svojej výskumnej činnosti zameranej na vybrané problémy makroekonómie a teórie hospodárskej politiky. Autorky svojim dielom nabádajú anglicky hovoriacich študentov študujúcich na Slovensku, aby cez pochopenie ekonomických problémov, s ktorými sa stretávajú v každodennom živote, získali odbornosť aj sebadôveru. Učebnica podnecuje záujem o prehlbovanie poznatkov z makroekonómie a hospodárskej politiky, je prioritne určená študentom prvého stupňa vysokoškolského štúdia, ale poslúži tiež ako pomôcka pri zvládnutí pokročilejších kurzov makroekonómie na slovenských vysokých školách alebo v zahraničí.



ISBN 978-80-557-1813-2

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UNIVERZITA  
MATEJA BELA  
V BANSKEJ BYSTRICI

A GUIDE TO MACROECONOMICS 1

Žaneta Lacová, Anna Vallušová



2020



Žaneta Lacová, Anna Vallušová

# A GUIDE TO MACROECONOMICS 1

 BELIANUM

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# INTRODUCTION

The textbook of the team of authors is focused on explaining the basic macroeconomic problems, which are elaborated in eleven chapters. It offers the main theoretical approaches, which make it easier to master the understanding of complex macroeconomic phenomena and contexts. We want the English-speaking students studying in Slovakia to gain more confidence in understanding economic problems what they face in their everyday lives. The textbook is intended mainly for students of the first degree of university study and is the basis for mastering more advanced courses in macroeconomics at Slovak universities or abroad.

We used our own knowledge and experience from teaching economic disciplines in English language at the Faculty of Economics, Matej Bel University in Banská Bystrica, as well as the results of our own research activities focused on selected issues of macroeconomics and economic policy theory.

The textbook of macroeconomics offers chapters in such a sequence that the problems follow each other and that mastering a simpler problem forms the basis for understanding a more complex problem. Each chapter contains partial problems in the form of subchapters, at the end of each chapter there is a summary, key words and questions and tasks. Such arrangement of textbook should help students to get a comprehensive set of knowledge from macroeconomics.

We are grateful to reviewers and to our colleagues at the Department of Economics who have been helpful and encouraging and have made useful suggestions for improvement of our teaching. Our biggest thanks go to our families' members - patient and supportive. We will be happy if readers direct their comments or suggestions to us in order to further improve of this textbook.

We wish patience and perseverance in discovering macroeconomics. Most of all we wish to our readers an enrichment while observing and recognizing the beauty of life around us, of which macroeconomics is a part.

The authors

# **1. MACROECONOMICS ISSUES – WHAT IS THIS SCIENCE ABOUT?**

Macroeconomics is a relatively separate part of the economic theory that examines the functioning of the economy as a whole. It analyses the tendencies in the development of the national economy, but also the international and global dimensions of economic processes. It is interested in the past, present and future in terms of the most important economic processes in a given economy (national, regional and/or global). As a scientific discipline, it is constantly evolving, its methodological apparatus is expanding, it works with a growing amount of available and comparable data, which makes it more demanding, but also more interesting and attractive.

The results of macroeconomic research can lead not only to the assessment of the state of economies (positive economics), but also to the creation of recommendations on what the economy should be and what tools economic entities could approach the desired state (normative economics). If a scientist applies a normative approach to macroeconomic research, he/she needs to define macroeconomic goals. Macroeconomic goals and ways to achieve them depend on many circumstances. Economic theory, in conjunction with economic policy, explores possibilities and limitations, alternative ways and tools of achieving goals at the national or supranational level. Historical experience confirms that with the development of economies, the needs of individuals and society change, and the question of balanced, sustainable socio-economic, ecologically and ethically oriented growth of national economy ensuring the development of society comes to the fore.

## **1.1. Historical review of macroeconomic concepts**

Macroeconomics as a science "solves" a triad of questions - what, how and for whom to produce - at the national economic level. It uses an aggregated, comprehensive approach. In its research, it raises various questions about the performance of the economy and its cyclical development, unemployment, price levels, and external economic relations etc. The process of finding the answers to these questions can be difficult because economic phenomena are more complex at the national economic level and are influenced by several difficult-to-predict internal and external factors. Macroeconomics is closely related to the economic policy of the state and its instruments, it notes the activities of central banks, governments and state institutions, the implementation of which often depends on subjective, especially political decisions of policymakers.

Macroeconomics occurred as a systematized and comprehensive set of knowledge within the period of the 1930s, when the scope of the global recession disrupted the market and the market mechanism. Because of this disruption, the emergence of one of the biggest macroeconomic problems - mass unemployment – came true. During this