Final state examination questions
Economics

1. Budget constraint, preference and utility (budget constraint - budget set and budget line; preferences - assumptions about preferences, examples of preferences, marginal rate of substitution; utility - the relationship between preferences and utility function, examples of utility functions, marginal utility)

2. Choice and revealed preference (choice - the optimal choice for different preferences, applications of consumer choice; revealed preference - the idea of revealed preference, the relationship between revealed preference and preference, weak and strong axiom of revealed preference)

3. Demand and Slutsky equation (demand - income and price offer curves, Engel curves, demand curve; Slutsky equation - substitution and income effect, Slutsky identity, the law of demand)

4. Consumer's surplus, market demand and equilibrium (consumer's surplus - compensation and equivalent variation, consumer's surplus; market demand - derivation of market demand, price elasticity of demand; equilibrium - market equilibrium, Pareto efficiency)

5. Technology and profit maximization (technology - production and technological constraints, examples of technology, technical rate of substitution, production function in the short and in the long run; profit maximization - short-run and long-run profit maximization, demand for factors of production, revealed profitability)

6. Cost minimization and cost curves (cost minimization - cost function, conditional factor demand, revealed cost minimization; cost curves - short-run and long-run cost curves)

7. Firm supply and industry supply (firm supply - perfect competition, short-run and long-run supply of a competitive firm, economic profit and producer's surplus; industry supply - short-run and long-run industry supply and equilibrium, economic rent)

8. Monopoly and monopoly behavior (monopoly - definition, causes of origin and examples of monopoly, markup pricing, inefficiency of monopoly, natural monopoly; monopolistic behavior - price discrimination, bundling, two-part tariff, monopolistic competition, product differentiation)

9. Game theory and oligopoly (game theory - Nash equilibrium in pure strategies, the prisoner's dilemma, repeated games, sequential games; oligopoly - the Stackelberg model, the model of price leadership, the Cournot model, the Bertrand model, collusion, cartel stability)

10. Exchange and production (exchange - the model of pure exchange, trade and equilibrium in pure exchange, Walras' law, equilibrium and efficiency, the first and second welfare theorem; production - the first and second welfare theorem in production, equilibrium in exchange and production)

11. Macroeconomic data and unemployment (gross domestic product, rules for computing GDP, real GDP vs. nominal GDP; the GDP deflator, the consumer price index, the CPI vs. the GDP deflator; the unemployment rate; the model of natural rate of unemployment; unemployment; structural unemployment, minimum wage, unions, efficiency wages)

12. Consumption (keynesian consumption function; the model of intertemporal choice - changes in the real interest rate, constraints on borrowing; the life-cycle hypothesis; the permanent income hypothesis; the random-walk hypothesis)

13. Long-run equilibrium in a closed economy (the neoclassical production function and theory of distribution; the macroeconomic identity of national accounts; consumption function, investment function; private, government and national saving; equilibrium of national saving and investment, change in taxes and government spending)

14. Money and inflation (the definition of money, the types and functions of money; supply of money, banking system, money multiplier, the instruments of monetary policy; money demand, the Baumol-Tobin model; the quantity theory of money; the Fisher effect; the social costs of inflation; hyperinflation)

15. Long-run equilibrium in an open economy (the macroeconomic identity of national accounts in an open economy; the equilibrium of saving and investment in a small open economy; the real exchange rates; the determinants of the real exchange rates; the impact of policies on the real exchange rate; purchasing power parity, nominal exchange rate)

16. The Solow model (the importance of economic growth; the assumptions of the Solow model; capital accumulation and steady state in the Solow model; the golden rule level of capital; population growth; technological progress)

17. The IS-LM model (the facts about the business cycle; derivation of the IS curve; the government spending multiplier, tax multiplier; derivation of the LM curve; equilibrium in the IS-LM model; derivation of the AD curve; the effect of fiscal and monetary policy on the equilibrium in the IS-LM model and on the AD curve)

18. The Mundell-Fleming model (derivation of the IS* and the LM* curve; equilibrium in the Mundell-Fleming model; the effects of public policy under fixed and floating exchange rates; interest rate differentials, risk premium; comparison of floating and fixed exchange rates, derivation of the AD curve)

19. Aggregate supply and the Phillips curve (the basic theory of short-run aggregate supply; the AS-AD model and short-run fluctuations; the Phillips curve; adaptive and rational expectations; disinflation and the sacrifice ratio; the natural-rate hypothesis and hysteresis)

20. Fiscal and monetary policy (active vs. passive policy; inside and outside lag; the Lucas critique; rule-based vs. discretionary policy; the time inconsistency; budget deficit and government debt; the Ricardian equivalence)

Literature:

VARIAN, Hal R., Intermediate microeconomics: a modern approach. 8. ed. New York: Norton, 2010.

MANKIW, N. Gregory, Macroeconomics. 7th ed. New York: Worth Publishers, 2010.