

Final State Examination on Economics for Master Studies

- 1. Consumer equilibrium and the influence of income on supply** (set of market opportunities, consumer optimum, consumer surplus, income expansion path, Engel's curve, income elasticity of demand)
- 2. Goods price influence on demanded quantity** (price expansion path, substitution and income effect on goods price change, Giffen's paradox, price demand elasticity, cross substitution and income effect, cross elasticity of demand, market demand)
- 3. Production function and alternative goals of firms** (production function in a short-run period, production function in a long-run period, total, average, marginal income, isoquant map, return to scale, alternative goals of a firm, firm's theory)
- 4. Costs in short and long run** (total costs, variable costs, fixed costs, average costs, marginal costs, optimal costs, firm cost expansion path, envelope curve in long term time period, total, average and marginal revenues, firm equilibrium)
- 5. Firm's behaviour under perfect competition** (optimal output determination in short and long run, supply curve in short and long run, breakeven point, point of firm shutdown, perfect competition market equilibrium)
- 6. Monopoly, oligopoly and monopolistic competition** (monopoly output determination, monopoly pricing, price discrimination, dominant-firm oligopoly, kinked demand curve oligopoly; firm's behaviour in short and long run, point of shutdown and breakeven point under monopoly, oligopoly and monopolistic competition)
- 7. Capital market** (capital, investments, capital market demand and supply, marginal return from marginal capital product, marginal physical product, capital market equilibrium conditions and the profit maximization rule, investment demand – present value, Tobin's q)
- 8. Output equilibrium and its determination in three a four-sector models** (marginal propensity to consume and save, three-sector multiplier, the marginal propensity to import, the open economy multiplier)
- 9. Money market** (nominal and real interest rate, money demand models, money supply, generating bank money, bank money multiplier, increasing the money supply by the central bank)
- 10. Market of goods and services in the IS-LM model and IS curve** (market of goods and the IS curve, investment demand, the sensitivity of the planned expenditure on interest rate, slope, position and points outside the IS curve, the IS curve shift reasons)
- 11. The money market in the IS-LM model and LM curve** (money market and market of other financial assets, the demand for the real money stock, position and points outside the curve LM, the simultaneous balance in the market of goods and in money market)
- 12. The balance of payments and BP curve** (balance of payments definition and its structure, factors affecting balance of payments, the slope of the curve and the position of BP, perfect and imperfect capital mobility, general equilibrium under perfect capital mobility, balance in imperfect capital mobility)

13. Fiscal policy in open economy (fiscal policy instruments, fiscal expansion under perfect capital mobility and fixed exchange rate, fiscal expansion under perfect capital mobility and flexible exchange rate)

14. Monetary policy in open economy (monetary policy instruments, monetary expansion under perfect capital mobility and fixed exchange rate, monetary expansion under perfect capital mobility and flexible exchange rate)

15. The exchange rate theory (exchange rate devaluation, depreciation, revaluation, appreciation, purchasing power parity, the absolute version of purchasing power parity, the relative version of PPP theory, nominal and real exchange rate, ERDI, J-curve)

16. Labour market and unemployment the labour market under flexible nominal wage rates, labour market under inflexibility nominal wage rates, Friedman's model of false price-level perception by personnel, unemployment and its forms, natural rate of unemployment, determinants, and causes for its increasing, the specific determinants of the natural rate of unemployment, Okun's Law)

17. Inflation (the definition of inflation, inflation rate, consumer price index, producer price index, GDP deflator, the difference between the CPI and GDP deflator, disinflation and deflation, demand-pull and supply-push inflation, inflation expectations and inflation inertia, anti-inflationary policy)

18. Aggregate demand and aggregate supply (aggregate demand and its characteristics, AD curve, factors affecting the shift of the IS and AD curves, aggregate supply and its characteristics, classical AS curve, fiscal and monetary policy in the Keynesian AS curve, Lucas's AS curve)

19. Inflation, unemployment and the Phillips curve (the modified Phillips curve, Phillips curve extended by inflationary expectations, the NAIRU, the Phillips curve and the formation of rational expectations)

20. Economic growth (neoclassical growth models, Cobb-Douglas production function, Keynesian models of growth, Harrod-Domar model, accelerator, multiplier and accelerator interaction, global problems and barriers to growth, concept of positive externalities of human capital)

Suggested reading:

ABEL, Andrew B., Ben. BERNANKE a Dean Darrell CROUSHORE. *Macroeconomics*. 8th ed. Boston: Pearson, c2014. ISBN 9780132992282.

DORNBUSCH, Rudiger., Stanley. FISCHER a Richard STARTZ. *Macroeconomics*. 11th Edition. New York, NY: McGraw-Hill Education, 2014. ISBN 9780078021831.

DAVID N. HYMAN. *Modern microeconomics: analysis and applications*. 2nd ed. Boston, MA: Irwin, 1989. ISBN 025607691X.

MANKIWI, N. Gregory. *Principles of economics*. 5th ed. Mason, OH: South-Western Cengage, c2012. ISBN 0538453052.