

# TEST QUESTIONS ON ECONOMIC THEORY

Field of study – 38.04.01 Economics, major “Economics and Management”

## Part I. "Microeconomics"

### **1. Needs and resources as the basis of the Economics.**

Key concepts: Resources. Needs. Benefits.

Annotation:

- 1) The concept of resources, their types.
- 2) The main characteristics of the resources.
- 3) The concept of needs, their classification.
- 4) The concept of benefits, their classification.
- 5) The problem of efficient use of resources.

### **2. Entrepreneurial activity in Economics**

Key concepts: Entrepreneurship. Organizational and economic forms.

Annotation:

- 1) Entrepreneurship as a special type of economic activity.
- 2) Organizational and economic forms of entrepreneurship.
- 3) The competitiveness of the enterprise.
- 4) Specialization, cooperation and concentration.
- 5) Conditions and prospects for the development of small, medium and large businesses.

### **3. Public sector of Economics**

Key concepts: Public sector. Public benefit. Social help.

Annotation:

- 1) Public welfare.
- 2) Equilibrium in the production of public goods.
- 3) Financing and production of goods and services in the public sector of the economy.
- 4) Social assistance and public insurance.
- 5) The role of the public sector in Economics.

### **4. Theory of supply and demand**

Key concepts: Law of demand. Supply law.

Annotation:

- 1) The law of demand and the factors influencing it.
- 2) The law of supply and the factors influencing it.
- 3) Functions and lines of supply and demand.
- 4) Types of supply and demand.
- 5) Application of the theory of supply and demand in the national economy.

### **5. Interaction of supply and demand. Market equilibrium.**

Key concepts: Demand. Supply. Market equilibrium.

Annotation:

- 1) Equilibrium price and equilibrium volume.
- 2) The market of the buyer and the seller: their surpluses.
- 3) Market equilibrium: properties and conditions of existence.

- 4) Types of market equilibrium.
- 5) Establishing market equilibrium.

## **6. Elasticity: coefficients and types**

Key concepts: Elasticity of demand. Elasticity of supply.

Annotation:

- 1) The concept and principles of calculating elasticity.
- 2) Types of coefficients of elasticity of demand.
- 3) Price elasticity of supply.
- 4) Factors of elasticity of demand and supply.
- 5) Differentiation of goods depending on the value of the coefficients of elasticity of demand.

## **7. Public regulation of the market**

Key concepts: Prices. Taxes. Employment.

Annotation:

- 1) Aims and functions of public regulation of the market at the micro level.
- 2) State fixing of prices.
- 3) Distribution of the tax burden between the consumer and the producer: excess burden.
- 4) Taxation of commercial products: types of taxes
- 5) Positive and negative effects of government regulation market at the micro level.

## **8. Theory of consumer behavior**

Key concepts: Usefulness. Marginal utility. Consumer choice.

Annotation:

- 1) The concept of the usefulness of an economic good.
- 2) The law of diminishing marginal utility.
- 3) Curves of indifference and their properties.
- 4) Consumer budget constraint: function and equation.
- 5) The role of the theory of marginal utility and the theory of consumer choice for determining the strategy of consumer behavior.

## **9. Expenses of the company**

Key concepts: Constants. Variable and marginal expenses.

Annotation:

- 1) The concept of the company expenses.
- 2) Classification of expenses and their correlation.
- 3) Determination of the company expenses in different periods.
- 4) Influence of the company expenses on profits: minimizing expenses
- 5) Importance of the expenses classification to increase the profitability of an enterprise.

## **10. Income and profit of a competitive company (firm)**

Key concepts: Total average and marginal income. Types of profit.

Annotation:

- 1) The concept of income, its classification.
- 2) The structure of the company's revenue.
- 3) The company's profit and its classification.

- 4) Profit maximization conditions.
- 5) The value of profit for the enterprise.

### **11. Perfect competition: pricing and equilibrium conditions**

Key concepts: Perfect competition.

Annotation:

- 1) The concept and main characteristics of perfect competition.
- 2) Short-term and long-term equilibrium and efficiency of the firm in the market of perfect competition.
- 3) The scale effect of production.
- 4) Pricing in the market of perfect competition: profit maximization.
- 5) Modern tools for stimulating competition in the market.

### **12. Oligopoly: pricing and equilibrium conditions**

Key concepts: Oligopoly. Marginal outgoings. Marginal revenue.

Annotation:

- 1) The concept and main characteristics of the oligopolistic market.
- 2) Barriers to entry and exit of the industry.
- 3) Types of oligopolies, their characteristics.
- 4) Strategies of oligopolistic pricing: profit maximization.
- 5) Modern "price wars".

### **13. Monopoly: pricing and equilibrium conditions**

Key concepts: Monopoly. Marginal outgoings. Marginal revenue.

Annotation:

- 1) The concept and main characteristics of a monopoly.
- 2) Natural monopolies, their characteristics.
- 3) Short-term and long-term equilibrium of company in the monopolistic market.
- 4) Maximizing the profit of the monopolist in the short and long term.
- 5) Modern antimonopoly policy.

### **14. Labor market and wages**

Key concepts: The labor market.

Annotation:

- 1) The concept and main characteristics of the labor market.
- 2) Labor supply and demand: equilibrium in the labor market.
- 3) Employment and unemployment.
- 4) Wages and their forms.
- 5) Modern problems of increasing labor productivity.

### **15. The capital and land market as a factor of production**

Key concepts: The capital and land market. Percent. Discounting. Annotation:

Annotation:

- 1) The concept and main characteristics of the capital market.
- 2) The supply and demand of capital.
- 3) The time factor and discounting in the capital market.
- 4) The interest rate, its determining factors.
- 5) Modern problems of investment capital formation.

## Part II. "Macroeconomics"

### **1. The system of macroeconomic relationships**

Key definitions: Households. Firms. State. Foreign sector. Aggregation. Equilibrium analysis. Endogenous and Exogenous Variables.

Annotation:

- 1) Methods of macroeconomic analysis.
- 2) Macroeconomic models and their types.
- 3) Short, medium and long term in macroeconomics.
- 4) Macroeconomic agents and macroeconomic markets.
- 5) The main goals and problems of macroeconomic regulation.

### **2. Main macroeconomic indicators**

Key definitions: Gross Domestic Product (GDP). Gross National Product (GNP). Nominal GDP. Real GDP. System of National Accounts (SNA).

Annotation:

- 1) The system of national accounts as a reflection of the circulation of products and income.
- 2) The main indicators of the SNA.
- 3) Methods for calculating GDP: Revenue stream method, expenditure stream method and value-added method for calculating GNP.
- 4) GDP deflator and price indices.
- 5) Advantages and disadvantages of GDP.

### **3. Aggregate demand and aggregate supply**

Key definitions: Aggregate demand. Aggregate supply. Interest rate effect (Keynes effect). Wealth effect (Pigou effect). Import purchases effect (Mundell-Fleming effect). Ratchet effect.

Annotation:

- 1) Aggregate demand. Price and non-price factors of aggregate demand.
- 2) Factors of the shift of the aggregate demand curve.
- 3) Aggregate supply in the short and long term.
- 4) Non-price factors of changes in aggregate supply.
- 5) Demand shocks and supply shocks in the "AD-AS" model.

### **4. Macroeconomic Equilibrium: Classical and Keynesian Models**

Key definitions: Effective demand. Complementary benefits. Substitutes. The classic dichotomy. Money neutrality.

Annotation:

- 1) The classical model of macroeconomic equilibrium.
- 2) Aggregate Demand in Keynesian Analysis. Effective demand definition.
- 3) The Building Blocks of Keynesian Analysis.
- 4) L. Walras' general equilibrium model.
- 5) The Keynesian Perspective on Market Forces.

### **5. Macroeconomic Equilibrium: The Neoclassical Models**

Key definitions: Adaptive expectations, expected inflation, neoclassical perspective, physical capital per person, rational expectations

Annotation:

- 1) The Building Blocks of Neoclassical Analysis
- 2) The Policy Implications of the Neoclassical Perspective.
- 3) The impacts of fiscal and monetary policy on aggregate supply and aggregatedemand.
- 4) The Neoclassical Phillips Curve Tradeoff.
- 5) Balancing Keynesian and Neoclassical Models.

## **6. Economic Cycles and Economic Crises**

Key definitions: Cyclicity. Kitchin cycles (stock cycles). Zhuglyar's cycles (industrial cycles). Blacksmith's cycles (construction cycles). Kondratyev's cycles. Exogenous theories. Endogenous theories.

Annotation:

- 1) The economic cycle and its phases.
- 2) Types of economic cycles. Characteristic of short, medium- and long-term economic cycles.
- 3) Connection of the cyclical movement of the market economy with its growth and development.
- 4) General and structural economic crises.
- 5) Modern features of economic fluctuations.

## **7. Inflation**

Key definitions: Inflation. Money illusions. Fisher effect. Structuralism.

Annotation:

- 1) Inflation in a market economy, its causes and indicators. Types of inflation.
- 2) The relationship between the unemployment rate and inflation. Phillips curve.
- 3) The price of inflation. Inflation tax. Economic policy in the context of inflation. The views of the classics and Keynesians on anti-inflationary policy.
- 4) Positive and negative economic consequences of inflation.
- 5) Anti-inflationary policy of the state.

## **8. Employment and Unemployment**

Key definitions: Employment. Unemployment. Stagflation. Hysteresis.

Annotation:

- 1) Economic activity of the population. Employment and unemployment.
- 2) The level, types and forms of unemployment.
- 3) Classical, Keynesian, neoclassical approaches to unemployment.
- 4) Okun's Law and the socio-economic consequences of unemployment.
- 5) State influence on the level of employment. Active and passive employment policy.

## **9. Economic growth and dynamic equilibrium in the economy**

Key definitions: Extensive and intensive economic growth. Cobb-Douglas factor model. The golden rule of accumulation. Technological progress is neutral (according to Solow).

Annotation:

- 1) Economic growth and its indicators. Factors and types of economic growth.
- 2) Labor Productivity and Economic Growth
- 3) Components of Economic Growth

- 4) Scientific and technological progress and economic growth. Long-term economic growth and government economic policy.
- 5) Global problems of economic growth of the Russian economy.

### **10. The banking systems**

Key definitions: Bank. Banking system. Required reserves.

Annotation:

- 1) The banking system, its structure and functions. Central bank and its functions.
- 2) Bank Regulation. Banks and their role in the Russian economy.
- 3) Reserve requirements and discount rates. Bank (deposit) multiplier.
- 4) Monetary Policy and Economic Outcomes.
- 5) Pitfalls for Monetary Policy.

### **11. Government Budgets and Fiscal Policy**

Key definitions: Automatic stabilizers. Balanced budget, national debt, contractionary fiscal policy.

Annotation:

- 1) Government Spending. Balanced Budget. Taxation.
- 2) Federal Deficits and the National Debt.
- 3) Using Fiscal Policy to Fight Recessions, Unemployment and Inflation.
- 4) Automatic Stabilizers.
- 5) Practical Problems with Discretionary Fiscal Policy.

### **12. The Impacts of Government Borrowing**

Key definitions: Ricardian equivalence, twin deficits, Government Borrowing, Trade Balance.

Annotation:

- 1) The relationship between internal and external debt.
- 2) Impact of government borrowing on investment and trade balance.
- 3) The Impact of Government Borrowing on Private Savings.
- 4) Fiscal Policy, Investment and Economic Growth.
- 5) Fiscal Policy and Trade Balance.

### **13. International Trade**

Key definitions: Absolute advantage, gain from trade, intra-industry trade, splitting up the value chain, tariffs, value chain

Annotation:

- 1) Absolute and Comparative Advantage.
- 2) Heckscher-Ohlin's factor theory of international trade. V. Leontiev's paradox.
- 3) Intra-industry Trade between Similar Economies.
- 4) The Benefits of Reducing Barriers to International Trade.
- 5) The need for International Trade.

### **14. Globalization and Protectionism**

Key definitions: Nontariff barriers, protectionism, economic union, free trade agreement, dumping, import quotas

Annotation:

- 1) Protectionism: An Indirect Subsidy from Consumers to Producers.
- 2) International Trade and Its Effects on Jobs, Wages, and Working Conditions.
- 3) Arguments in Support of Restricting Imports.
- 4) How Trade Policy Is Enacted: Globally, Regionally, and Nationally
- 5) The Tradeoffs of Trade Policy

### **15. Macroeconomic Policy around the world**

Key definitions: converging economy, East Asian Tigers, growth consensus, high-income country, low-income country, middle-income country.

Annotation:

- 1) The Diversity of Countries and Economies across the World.
- 2) Improving Countries' Standards of Living.
- 3) Causes of Unemployment around the World.
- 4) Causes of Inflation in Various Countries and Regions.
- 5) Balance of Trade Concerns.

## Resources and References

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