

QUESTIONS FOR MASTER FINAL STATE EXAM MACROECONOMICS AND MICROECONOMICS

Academic year 2020/2021

1. Consumer behaviour. Utility, total utility, and marginal utility. Explain the model of rational consumer choice, the method of formation of consumer's equilibrium and use of model in the case of special shapes of indifference curves. Describe the model of rational consumer choice with time preference. Discuss the impact of income and prices on the formation of individual demand for goods and services.
2. Explain the essence of production functions and their importance for a firm. Describe a short run production function, discuss the impact of the law of diminishing returns from variable input on firm's output. Analyse the long-run production function, the cost optimum of the firm, and the impact of returns to scale on the output of a firm.
3. Explain the relevance of explicit and implicit costs, accounting and economic costs for the firm's decision making in the market goods and services. Analyse different types of costs of the company in the short and the long run. Discuss the effect of returns from variable input and returns to scale on the shape of the cost curves of a firm. Explain the essence and meaning of the envelope curve for decision-making of a firm.
4. Characterize perfect competition and a firm in conditions of perfect competition, analyse its decisions about the output in the short run and long run. Explain the problem of minimizing loss in a short period. Analyse the formation of the supply of a firm in the short and long run. Explain the effect of prices of inputs on the LIS curve.
5. Explain the reasons for creation of a monopoly. Characterize different types of monopoly. Analyse a monopoly in terms of decision making about price, output and profit in the short run and long run. Explain pricing policy of a monopoly and reasons for the use of price discrimination. Explain negative consequences of a monopoly. Assess the positive and negative aspects of monopoly regulation.
6. Characterize an oligopoly, causes of its creation, sunk cost and market viability. Explain why decision-making firms in oligopoly is a strategic decision. Point out the differences among oligopoly models in terms of firm's decision about price and output. Describe cartels and explain why they are forbidden. Analyse oligopoly models decision making of oligopolistic firms based on game theory.
7. Characterize a behaviour of a firm in conditions of monopolistic competition. Explain why is the individual demand curve for the production of a firm in monopolistic competition highly elastic. Explain how a company decides

about price, output and profit in the short and long run. Compare monopolistic competition with a monopoly.

8. Describe the specifics of the factor market. Explain why there is a difference between income from the marginal product of the production factor in perfect and imperfect competition. Analyse a firm's decision on the factor market by optimizing the production factors and forming a firm's individual demand for the production factors and the formation of individual demand of the firm for production factors.
9. Explain differences between how economy functions in the short run and in the long run. Characterize causes of economic cycle. Explain and compare effects of demand and supply shocks on the economy.
10. Characterize neoclassical growth model, explain absolute and conditional convergence and characterize sources of economic growth.
11. Characterize alternative ways to moderate business cycle. Explain instruments of monetary and fiscal policy. Which factors determine the efficiency of the use of those macroeconomic policies? Use of economic policy instruments in the current conditions.
12. Characterize macroeconomic equilibrium in closed economy using IS-LM model. What are the effects of monetary and fiscal policy on output and interest rate? Characterize liquidity trap and investment trap.
13. Characterize consumption as the largest component of aggregate demand and determinants influencing the size of consumption. Explain a process of multiplication of expenditures and its importance for formation macroeconomic equilibrium.
14. Characterize exchange rate and its determinants. Explain a link between exchange rate and balance of payments.
15. Characterize Mundell-Fleming model with the focus on BB curve. Explain, how efficiency of monetary and fiscal policy depends on monetary regime.