

MGIMO University
School of Government and International Affairs

Syllabus approved

Dean, The MGIMO School of Government and International Affairs

Mikhail Troitskiy

« » **2021**

Economic Theory
(Microeconomics and Macroeconomics)
Undergraduate Course Syllabus

Instructors

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This syllabus is designed in accordance with the MGIMO Educational Standard for the Bachelor Program in Economics. It was approved by the Department of Applied Economics in August 2021.

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Director MGIMO Library _____ Marina Reshetnikova

**PART 1:
INSTRUCTOR INFORMATION, COURSE DESCRIPTION
AND TEACHING METHODS**

1.1 General information

- Full course title: **Economic Theory (Microeconomics and Macroeconomics)**
- Type of course: **Compulsory**
- Level of course **B.A. in Economics**
- Year of study: **1st**
- Number of ECTS credits allocated: **9**
- Name of lecturers and office hours:
 1. Prof. Mikhail I. Stolbov, Ph.D. in Economics, Professor, Chair of the Department of Applied Economics (room 3043), office hours: upon agreement.
 2. Prof. Irina A. Strelets, Ph.D. in Economics, Professor, Department of Applied Economics (room 3043), office hours: upon agreement.

1.2 Course aims and learning outcomes

The main objective of the course is to empower students in better understanding the national and global economy and basic economic rules. Economics will give them a better understanding of both the potential and the limits of economic policy. Microeconomics and macroeconomics are the two connected sections of the course which shape the total idea of the most important economic laws and trends.

Microeconomics describes the mechanism of the market economy and includes such issues as principles of rational behavior, utility, demand and supply theory, elasticity, market equilibrium, profit maximizing under different market structures, the theory of production, the markets for factors of production, choice under uncertainty, public goods and externalities etc.

Macroeconomics focuses on the major macroeconomic problems such as macroeconomic equilibrium and disequilibrium, macroeconomic fundamentals, government intervention, difference between classical macroeconomics and the Keynesian revolution, unemployment, inflation, the Mundell-Fleming model and the exchange-rate regime, growth theory etc.

The course forms the better understanding of the situation in Russia and other countries and contains elements of comparative analysis. It should also develop economic thinking and should be a major prerequisite for other economic and managerial disciplines.

Learning outcomes:

By the end of this course students should be able to:

- use basic economic laws and models to analyze socioeconomic developments;
- make qualified judgments in regard to economic policy and its instruments;
- compare current economic indicators and overall development trends of national economies;
- reveal special features of Russian economic development in light of international comparisons.

1.3 Course requirements and grading plan

Course requirements

Students will be required to attend not less than 90% of classes and be prepared for class discussions. Conscientious reading of the assigned materials is compulsory.

To a significant extent, our courses in micro- and macroeconomics go beyond a conventional introductory level, since we assume our prospective students know well elementary algebra and are familiar with the basics of calculus. This enables to use graphical analysis extensively as well as to

understand and solve problems and case studies involving optimization techniques, which are at the core of many economic concepts and models. Specific computer literacy (MS Excel) is also required.

Grading plan

- **Class participation – 10%**
Students are expected to attend all the lectures seminars and participate in class discussions; since the course is interactive, it is essential that students attend the seminars having read the materials for that day's class.
- **In-class tests and presentations – 90%**
Students will write three tests during the semester. Dates of test classes are defined by the instructor and communicated to the students not later than a week before.

PART 2. COURSE CONTENT

2.1 Types of work

Types of work	Academic hours
Total	378
Total for lectures, seminars and written exam	132
Lectures	66
Seminars	66
Homework	162
Exam	84
Course works	–
Course assessment	–

2.2. Course content and readings by topic

PART ONE: MICROECONOMICS

Lecture 1. Introduction to the course. Aims and special tasks of the course

Economics and its branches. Microeconomics and macroeconomics. Rational thinking and decision-making process. Using marginal benefit and marginal cost graphically. Homo Economicus. Adam Smith and the Invisible Hand. Basic economic models: the production possibilities frontier. A shift in the production possibilities frontier. Positive versus normative analysis.

Seminar 1. Introduction to the course. Aims and special tasks of the course

1. Economics as a discipline: subject and methodology.
2. Forms of rationality and decision-making process.
3. Production possibilities frontier and its properties.

Sample questions for discussion at the seminar

1. Water is necessary for life. Is the marginal benefit of a glass of water large or small?
2. What does the “invisible hand” of the marketplace do?
3. Why do economists make assumptions? Should an economic model describe reality exactly?
4. Draw and explain a production possibilities frontier for an economy that produces milk and cookies. What happens to this frontier if disease kills half of the economy’s cows?
5. Use a production possibilities frontier to describe the idea of “efficiency.”

Lecture 2. Consumer choice theory

Cardinalism. Consumer budget constraint. Consumer preferences and indifference curves. Perfect substitutes and perfect complements. Computation of the marginal rate of substitution. Optimization problems: deriving consumer optimal choice. Changes in income and consumer choice. Changes in prices and consumer choice.

Seminar 2. Consumer choice theory

1. Basics of consumer choice theory: preferences, indifference curves, consumer budget constraint.
2. Optimization problems: deriving consumer optimal choice.
3. Changes in income/prices and consumer choice.

Sample questions for discussion at the seminar

1. What are main types of indifference curves?
2. Under what conditions is MRS constant?
3. What is the utility maximization rule?

Lecture 3. Supply and demand

Definitions of market and competition. Demand curve: the relationship between price and quantity demanded. Market demand and individual demand. Shifts of the demand curve and their determinants. Supply curve: the relationship between price and quantity supplied. Market supply and individual supply. Shifts of the supply curve and their determinants. Equilibrium. Determinants of deviations from equilibrium.

Seminar 3. Basics of supply and demand

1. Analytical and graphical representations of demand and supply.
2. Shifts of demand and supply curves and their determinants.
3. Equilibrium.

Sample questions for discussion at the seminar

1. Which factors lead to a movement along the demand curve or a shift of the demand curve? Does a change in price lead to a movement along the demand curve or a shift of the demand curve?
2. Which factors lead to a movement along the supply curve or a shift of the supply curve?
3. What forces move a market toward its equilibrium?
4. Describe the role of prices in market economies.

Lecture 4. Elasticity of demand and supply

Price elasticity of demand and its determinants. Estimation of price elasticity of demand. Total revenue and price elasticity of demand. Price elasticity of supply and its determinants. Estimation of price elasticity of supply. Income elasticity of demand and elasticity of substitution.

Seminar 4. Elasticity of demand and supply

1. Price elasticity of demand and its determinants.
2. Price elasticity of supply and its determinants.
3. Income elasticity of demand and elasticity of substitution.

Sample questions for discussion at the seminar

1. What does inelastic/elastic demand mean?
2. What are the main factors affecting price elasticity of demand?

Lectures 5-6. Firms in a competitive market and production costs

Definition of perfect competition and competitive firm. Assumptions of perfect competition. Total revenue, total costs, and profit. Opportunity costs. Fixed and variable costs. Average and marginal cost. Cost curves. Costs in the short run and in the long run. Profit maximization and a competitive firm supply curve.

Seminars 5-6. Firms in competitive market and production costs

1. Perfect competition and its assumptions.
2. Types of costs and their graphical representation.
3. Profit maximization.

Sample questions for discussion at the seminar

1. Explain the difference between a firm's revenue and its profit. Which do firms maximize?

2. Draw the cost curves for a typical firm. For a given price, explain how the firm chooses the level of output that maximizes profit.
3. What are opportunity costs? Give your examples.
4. Under what conditions will a firm exit a market? Explain.
5. Are market supply curves typically more elastic in the short run or in the long run? Explain, giving your own examples.

Lecture 7. Monopolistic behavior

Definition of monopoly and its varieties (natural and government-created monopolies). Monopoly revenue. Making production and pricing decisions. Profit maximization of monopoly. Equilibrium price and output. Price discrimination and survey of its types. Public policy toward monopolies (Enhancing competition with antitrust laws and means of regulation). Antitrust laws and means of regulation in Russia.

Seminar 7. Monopolistic behavior

1. Monopoly and its varieties.
2. Monopolistic profit maximization.
3. Foundations of antitrust policies.

Sample questions for discussion at the seminar

1. Define natural monopoly. Give your own examples.
2. Give an example of a government-created monopoly. Is creating this monopoly necessarily a bad economic policy measure? Explain.
3. Give the examples of price discrimination. In each case, explain why the monopolist chooses to follow this business strategy.
4. Give examples and analyze means of regulations used in your country towards monopolies.

Lectures 8-9. Monopolistic competition and oligopoly

Definition and features of monopolistic competition. Assumptions of monopolistic competition. A monopolistically competitive firm in the short run. Long-run equilibrium. Non-price competition. Definition and features of oligopoly. Oligopolistic equilibrium. Prisoners' dilemma. Oligopoly and public interest.

Seminars 8-9. Monopolistic competition and oligopoly

1. Definition and assumptions of monopolistic competition. Short-run and long-run equilibrium
2. Definition and features of oligopoly. Basic formal models of oligopolistic behavior

Sample questions for discussion at the seminar

1. Describe the features of monopolistic competition. In what way does monopolistic competition look like monopoly? How is it like perfect competition? Discuss giving examples.
2. Discuss means of non-price competitions among firms. Analyze their effectiveness.
3. How does the number of firms in an oligopoly affect the outcome in its market?
4. What is the prisoners' dilemma, and what does it have to do with oligopoly?
5. What kinds of behavior do the antitrust laws prohibit? Give examples.

Lectures 10-11. The theory of production

The technology of production. Production function. Total product, average product, marginal product. The law of diminishing returns. Isoquants. Marginal rate of technical substitution (MRTS). Isocost curves. Equilibrium: producing a given output at minimum cost.

Seminars 10-11. The theory of production

1. Definition of a production function, examples.

2. Graphical interpretation of total product, average product and marginal product.
3. The problem of equilibrium.

Sample questions for discussion at the seminar

1. Give definitions of total product, average product and marginal product.
2. Define MRTS.
3. Suppose we wish to produce a given amount of output. How can we do this at minimum cost?

Lecture 12. The markets for factors of production. Capital

Factors of production: overview. Marginal product (MP) and marginal revenue product (MRP). Derived demand. Definition of capital. Forms of capital. Financial capital and real capital. Demand and supply, equilibrium: the case of capital. Shifts in capital demand and supply.

Real versus nominal interest rates. Fisher identity. Compounding and discounting. Computation of present discounted value (PDV). The Net Present Value (NPV) criterion for capital investment decisions. Adjustments for risk. Investment decisions by consumers.

Seminar 12. Capital as a factor of production

1. Definition of capital. Segments of capital market.
2. Demand: the case of capital.
3. Supply: the case of capital.
4. Equilibrium: the case of capital.
5. Real versus nominal interest rates and Fisher identity.
6. PDV and NPV criteria for investment decisions.

Sample questions for discussion at the seminar

1. What is the difference between real capital and financial capital?
2. Draw a demand curve for capital.
3. Draw a supply curve for capital.
4. Explain why depreciation is an economic cost just like any other.
5. Why do nominal interest rates rise approximately 1-for-1 with increases in inflation?

Lectures 13-14. The markets for factors of production. Labor, land and entrepreneurship

Market demand for labor. An upward-sloping labor supply curve. Market supply of labor. Elasticity in the labor market. Labor market equilibrium. Marginal productivity Theory. Labor unions and their activity. Monopsonistic behavior. Land as a factor of zero-elasticity. Rent as an equilibrium price for land. Entrepreneurship as a factor of production

Seminars 13-14. Labor and land as factor inputs

1. Demand and supply of labor. Wages as a factor price. Labor market equilibrium
2. Labor unions and monopsonists
3. Demand and supply of land. Rents as a factor price

Sample questions for discussion at the seminar

1. Discuss specific features of the labor market.
2. What view is a labor union likely to hold on each of the following issues?
 - a. Easing of the immigration laws.
 - b. A quota on imported products.
 - c. Free trade.
 - d. A decrease in the minimum wage.
3. Organizing labor unions may be easier in some industries than in others. What industry characteristics make unionization easier?
4. Discuss the features of land market.

5. What's the equilibrium price for land?

Lecture 15. Choice under uncertainty

Definitions: uncertainty, risk, probability, expected value. Attitudes toward risk: risk-averse, risk preference, risk-neutral. Reducing Risk: diversification, insurance, obtaining more information about choices and payoffs. Markets with risks and uncertainty. Alternative theories: The Allais paradox and the Ellsberg paradox

Seminar 15. Choice under uncertainty

1. Main definitions.
2. Attitudes toward risk.
3. Methods of reducing risks.
4. The value of complete information.
5. The Allais paradox.
6. The Ellsberg paradox.

Sample questions for discussion at the seminar

1. Define uncertainty, risk, probability, expected value.
2. Describe different attitudes toward risk.
3. Why are most people risk-averse?
4. In what way is it possible to reduce risks?
5. What are uninsurable risks?
6. What are markets with risks and uncertainty?

Lectures 16-17. Public goods and externalities

Externalities: negative, positive. Ways of correcting market failure. Externalities and property rights. Public goods: definition. Characteristics of public goods. Public goods and market failure.

Seminars 16-17. Public goods and externalities

1. Negative externalities and efficiency.
2. Positive externalities and efficiency.
3. Basic characteristics of public goods.

Sample questions for discussion at the seminar

1. Describe negative externalities and ways of correcting them.
 2. Describe positive externalities.
 3. In what way can you define public goods?
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PART TWO: MACROECONOMICS

Lectures 1-2. Introduction to macroeconomics. National income accounting

Macroeconomics as a discipline. Macroeconomic policy. Circular flow of income and expenses. GDP and GNP. Per capita real GDP. Methods of GDP estimation. Depreciation. Value added. National accounts system. Transfer payments. Nominal and real GDP. Price Indices. GDP deflator and CPI. Macroeconomics and national income accounting. Net economic welfare.

Seminars 1-2. Introduction to macroeconomics

1. Main macroeconomic indicators. National accounts.
2. Methods of GDP estimation.
3. Nominal and real GDP. Price Indices. GDP deflator and CPI.

Sample questions for discussion at the seminar

1. What is macroeconomics? What are the main tasks of macroeconomic policy?
2. What is GDP? How to calculate it?
3. Discuss different price indexes.
4. National income accounting.

Lecture 3. Aggregate demand and aggregate supply. AD-AS Model

Macroeconomic equilibrium. Components of aggregate demand: consumption, investment, government spending, net exports. Aggregate demand curve (AD curve). Movements along the aggregate demand curve. Shifts of AD curve. Aggregate supply curve (AS curve). Movements along the aggregate supply curve. Shifts of AS curve. Equilibrium and equilibrium output. AD-AS model. Adjustment towards equilibrium.

Seminar 3. Aggregate demand and aggregate supply. AD-AS Model

1. Components of aggregate demand. AD curve representation.
2. Definition of aggregate supply. AS curve under different schools of economic thought.
3. Macroeconomic equilibrium. AD-AS model.

Sample questions for discussion at the seminar

1. Aggregate demand (AD) and price level. Which factors lead to a movement along the AD curve or a shift of the AD curve?
2. Aggregate supply (AS) and price level. Which factors lead to a movement along the AS curve or a shift of the AS curve?
3. AD-AS model. Equilibrium and equilibrium output.

Lecture 4. Foundations of Keynesian theory

Keynes' fundamental psychological law of consumption. Income, consumption and savings. Consumption function. Marginal propensity to consume (MPC). Savings function. Marginal propensity to save (MPS). Planned investment function: planned savings equals planned investment. Multiplier. Estimation of multipliers. Paradox of thrift.

Seminar 4. Foundations of Keynesian theory

1. Consumption function. Marginal propensity to consume (MPC).
2. Savings function. Marginal propensity to save (MPS). Planned investment function: planned savings equals planned investment.
3. $I=S$ macroeconomic identity. Multiplier. Paradox of thrift.

Sample questions for discussion at the seminar

1. Consumption function. What is marginal propensity to consume and how can one estimate it?
2. Savings function. What is marginal propensity to save and how can one estimate it?
3. Investment and savings. Equilibrium output.
4. Describe the multiplier effect.
5. Describe the paradox of thrift.

Lectures 5-6. Business cycles and unemployment

Cyclical and macroeconomic disequilibrium. Business cycles and trend. Slump, boom, depression, recovery. Short term and long term fluctuations. Labor market and unemployment. Determination of unemployment. Voluntary and involuntary unemployment. Types of unemployment: frictional, structural, cyclical unemployment. Natural rate of unemployment. Non-Accelerating-Inflation-Rate of Unemployment (NAIRU). Consequences of unemployment. Okun's law.

Seminars 5-6. Business cycles and unemployment

1. Business cycle and its stages.
2. Labor market and unemployment. Types of unemployment.
3. NAIRU and Okun's law.

Sample questions for discussion at the seminar

1. Discuss macroeconomic disequilibrium and types of fluctuations.
2. Discuss the unemployment problem and types of unemployment.
3. What is the natural rate of unemployment?
4. Describe the main consequences of unemployment.

Lecture 7. Inflation theory

Determination of inflation. Inflation rate. Types of inflation: open and repressed, expected and unexpected. Hyperinflation. The Fisher hypothesis. Real and nominal interest rates. Inflationary expectations. Self accelerating inflation. Demand-pull inflation and cost-push inflation: determinations and mechanisms. Causes of demand-pull inflation and cost-push inflation. Consequences of inflation: inflation tax, Olivera–Tanzi effect, menu costs, etc. Phillips curve: inflation, unemployment and output. Inflation in Russia and other countries: comparative statistics.

Seminar 7. Inflation theory

1. Inflation and its types. Inflationary expectations
2. Self accelerating inflation. Demand-pull inflation and cost-push inflation: determinations and mechanisms
3. Causes and consequences of inflation
4. Phillips curve: inflation, unemployment and output

Sample questions for discussion at the seminar

1. What is inflation? Describe types of inflation and the hyperinflation problem.
2. In what way do demand-pull inflation and cost-push inflation differ?
3. Consequences of inflation.
4. Inflation and Unemployment: the Phillips curve.

Lectures 8-9. Monetary policy

Money and its functions: unit of account, medium of exchange, store of value, standard of deferred money. Modern banking system. Central bank and its functions. Central bank and money supply. Demand for money. Equilibrium in money market. Equilibrium interest rate. Monetary policy. Open market operations, discount rate, required reserve ratio. Monetary rules. Money creation and money multiplier.

Seminars 8-9. Monetary policy

1. Money and its functions
2. Modern banking system and the role of central banks
3. Money demand and supply
4. Monetary policy and its instruments

Sample questions for discussion at the seminar

1. What is money? What do we need money for?
2. What functions do central banks perform?
3. What are the determinants of money demand?
4. What is the aim of monetary rules?

Lectures 10-11. Fiscal policy: its goals and instruments

Fiscal policy: definition, main goals. Taxes and taxation systems: direct and indirect taxes, tax progressivity, principles of taxation: ability-to-pay principle of taxation and benefits principle of taxation. Tax rate. Laffer curve. Government budget and its structure. Budget deficit and surplus. Fiscal policy. Discretionary fiscal policy and automatic fiscal policy. Built-in (automatic) stabilizers. Problems, Criticisms, and Complications of Fiscal Policy. The Public Debt.

Seminars 10-11. Fiscal policy

1. Direct and indirect taxes, tax progressivity, principles of taxation.
2. Laffer curve.
3. Government budget and its structure. Budget deficit and surplus.
4. Fiscal policy. Discretionary fiscal policy and automatic fiscal policy. Built-in stabilizers.
5. Main problems of fiscal policy.
6. Public debt.

Sample questions for discussion at the seminar

1. What is fiscal policy?
2. Taxes: direct and indirect; tax progressivity.
3. What are principles of taxation?
4. What does Laffer curve demonstrate?
5. Describe the budget structure, its deficit and surplus.
6. Discretionary fiscal policy. What is a built-in stabilizer?

Lectures 12-13. The open economy: the Mundell-Fleming model and the exchange-rate regime

Open economy and protectionism. Advantages of international trade and specialization. Balance of payments. Current account. Trade balance. Financial account. Balance of payment deficit or surplus. Exchange rates. Nominal and real exchange rates. Floating exchange rate. Fixed exchange rate. Managed or dirty floating. Depreciation and appreciation. Purchasing power parity (PPP). Trade balance and exchange rate. J-curve effect. The Mundell-Fleming model and the exchange-rate regime. The key assumption of the Mundell-Fleming model.

Seminars 12-13. Basics of international economics

1. Advantages of international trade and specialization. Definition of an open economy.
2. Balance of payments and its structure.
3. Nominal and real exchange rates. Exchange rate regimes.
4. Depreciation and appreciation. Trade balance and exchange rate. J-curve effect.
5. The goods market and the IS curve in the Mundell-Fleming model.

6. The money market and the LM curve Mundell-Fleming model.
7. The small open economy under floating exchange rates.
8. The small open economy under fixed exchange rates

Sample questions for discussion at the seminar

1. Advantages of international trade and specialization.
2. Balance of payments.
3. Describe the types of exchange rates and the dynamics of exchange rates.
4. Define the connection between the exchange rate and the trade balance.
5. In the Mundell–Fleming model with floating exchange rates, explain what happens to aggregate income, the exchange rate, and the trade balance when taxes are raised.
6. In the Mundell–Fleming model with fixed exchange rates, explain what happens to aggregate income, the exchange rate, and the trade balance when taxes are reduced.

Lectures 14-16. Growth theory: economy in the long run

Macroeconomic dynamics. Economic growth rate. Production possibility curve and economic growth. Technological change and growth. Types of economic growth: extensive economic growth and intensive economic growth. Economic growth determinants. Cobb-Douglas production function. Solow residual. Comparative macroeconomic dynamics in Russia and other countries.

Seminars 14-16. Economic growth

1. Types of economic growth and its determinants.
2. Some arithmetic of economic growth. Cobb-Douglas production function. Solow Residual.
3. Comparative macroeconomic dynamics in Russia and other countries.

Sample questions for discussion at the seminar

1. Production possibility curve and economic growth. Why do economic growth rates differ?
2. Extensive economic growth and intensive economic growth: advantages and disadvantages.
3. Economic growth modeling: the Cobb-Douglas production function, the Solow Residual.
4. Compare economic growth in Russia and in other regions.

2.3 Essay topics/Exam Questions

Sample Exam Questions (the list is given for illustrative purposes, as the exam may be conducted in writing and may be based on problem solving)

1. Definition of microeconomics. Marginal benefit and marginal cost. Production possibilities frontier and its shifts.
2. Market and individual demand and supply. Demand and supply curves. Shifts in the demand and supply curves. Equilibrium and changes in equilibrium.
3. Price elasticity of demand and supply and their determinants. Estimation of price elasticity.
4. Consumer budget constraint and indifference curves. Perfect substitutes and perfect complements. Computation of the marginal rate of substitution.
5. The problem of optimization: consumer's optimal choices. Changes in income and prices and consumer choice.
6. Definition of perfect competition and competitive firm. Assumptions of perfect competition. Supply curve in a competitive market (short and long run) .
7. Total revenue, total cost, and profit. Costs and profit maximization: fixed and variable, average and marginal, opportunity costs. Cost curves. Costs in the short run and in the long run.

8. Monopoly and its types. Monopoly's revenue and profit maximization. Equilibrium price and output. Price discrimination and public policy toward monopolies.
9. Monopolistic competition: definition and assumptions. Short and long-run equilibrium. Non-price competition.
10. Oligopoly: definition and features. Oligopolistic equilibrium. Prisoners' dilemma. Oligopoly and the public interest.
11. Factors of production (factor inputs). Factor demand and supply. Marginal revenue product curve.
12. Capital, capital stock and interest rate. Financial and real capital. Real and nominal interest rates. Present discounted value (PDV) and capital investment decisions.
13. Investment decisions by consumers. Adjustments for risk.
14. Market demand for labor and its elasticity. Market supply of labor. Labor market equilibrium. Short-run and long-run demand for labor. Labor unions and their activity. Monopsony.
15. Land as a factor of production and its features. Rent as an equilibrium price for land. Computation of present discounted value (PDV).
16. Attitudes toward risk: risk-averse, risk preference, risk-neutral.
17. Reducing Risk: diversification, insurance, obtaining more information about choices and payoffs.
18. Markets with risks and uncertainty.
19. Externalities: negative, positive. Ways of correcting market failure. Externalities and property rights.
20. Public goods: definition. Characteristics of public goods. Public goods and market failure.
21. Macroeconomics and economic policy.
22. GDP. Methods of estimation. Price indices.
23. Aggregate demand (AD) and price level. AD curve shifts. Aggregate supply (AS) and price level. AS curve shifts.
24. "AD-AS" Model. Equilibrium output.
25. Consumption function. Marginal propensity to consume. Savings function. Marginal propensity to save.
26. Investment and savings. Equilibrium output. Paradox of thrift.
27. Multiplier effect.
28. Macroeconomic disequilibrium. Types of fluctuations.
29. Types of unemployment. Natural rate of unemployment. Consequences of unemployment.
30. Types of inflation. Hyperinflation problem. Demand-pull inflation and cost-push inflation.
31. Inflation and Unemployment: Phillips curve.
32. Money demand. Equilibrium in money market.
33. Monetary policy. Monetary rules.
34. Taxes: direct and indirect. Tax progressivity. Principles of taxation. Laffer curve.
35. Discretionary fiscal policy. Built-in (automatic) stabilizer.
36. Main problems of fiscal policy.
37. Public debt.
38. Balance of payments.
39. Exchange rates: types and dynamics. Trade balance and exchange rate.
40. The Mundell–Fleming model with floating exchange rates.
41. The Mundell–Fleming model with fixed exchange rates.
42. Economic growth: extensive and intensive. Economic growth modeling: Cobb-Douglas production function, Solow residual.

2.4 Exam timing

- Fall semester tests – three times during the semester; exams January 10-25
- Spring semester tests – three times during the semester; exams June 1-30

2.5 Consolidated reading list (in alphabetic order)

Obligatory:

1. Mankiw N.Gregory. Macroeconomics, 10th ed., 2019.
2. Pindyck S.Robert, Rubinfeld L.Daniel. Microeconomics, 9thed., 2018.

Optional:

1. Espinola-Arrendondo A., Muñoz-Garcia F. Intermediate Microeconomic Theory: Tools and Step-by-step examples, 2020.
2. McConnell, Campbell R., Brue Stanley L., Sean Flynn. Economics, 22nd ed., 2021

Some relevant websites and bibliographic databases:

https://www.sciencedirect.com	More than 1700 journals from Elsevier in all subject areas, including economics, business, social sciences, psychology, mathematics, computer science, engineering, physics, etc.
https://www.springer.com/gp	More than 1200 journals from Springer. Subjects include mathematics, physics, engineering, medicine, and others. Also available more than 200 publications in economics, sociology, and law, including the well-known <i>Economic Theory</i> , <i>Public Choice</i> , <i>Theory and Society</i> , and <i>the Journal of Business Ethics</i> . Coverage from the first issue to the present.
http://www.cbr.ru	The website of the Central Bank of the Russian Federation
http://epp.eurostat.ec.europa.eu/statistics_explained	The website of Eurostat
http://www.gks.ru	The website of the Federal Service of State Statistics
http://www.imf.org	The website of the International Monetary Fund
http://www.nber.org/papers	The website of the National Bureau of Economic Research
http://www.worldbank.org	The website of the World Bank

PART 3. FINAL REMARKS

- Plagiarism is considered as a severe violation and as an indication of incompetence in the course. Plagiarism is understood as making of one's text using compilation method for other people's publications, even connected with own phrases and sentences. Collective performance of individual tasks is also unacceptable. Proved plagiarism, an F-mark is given regardless of the fulfillment of all other requirements.
- Assignments are to be handed in on the due date. Late submissions will translate into the lowering of the grade by 1/3 of a grade for each day of delay.
- Students are asked to keep a copy of all work submitted for evaluation.
- Due to the specific features of the course students are encouraged to use MS Excel and financial calculators extensively during seminars.