MGIMO University

Institute of International Trade and Sustainable Development

Exam Questions - “Applied Economics”

Spring term

2025-2026 Academic Year

1. Real goods market equilibrium: Derivation of the IS curve. Elasticity of investment demand. Shifts of the IS curve and the main factors causing the shifts.
2. Money market equilibrium: Derivation of the LM curve. Elasticity of money demand. Shifts of the LM curve and the main factors causing the shifts.
3. Fiscal and monetary policy analysis in the IS-LM Model.
4. Special cases in the IS-LM model: liquidity and investment traps.
5. Deriving aggregate demand (AD) from the IS-LM model. The link between the IS-LM and AD-AS models.
6. Neoclassical model of general economic equilibrium (assumptions and model construction). Money neutrality. Neoclassical dichotomy.
7. Keynesian model of general economic equilibrium (assumptions and model construction). Effective demand.
8. Liquidity trap within the Keynesian general equilibrium framework: its underlying causes, the impact on AD, the corresponding policy implications, and contemporary relevance.
9. Investment trap in the Keynesian general equilibrium model: its underlying causes, the resulting behavior of aggregate demand, the corresponding policy implications, and contemporary relevance.
10. Balancing the labor market and the economy as a whole. Labor demand and the production function.
11. The labor market in neoclassical and Keynesian models (+graphs).

12. Dynamics of the labor market and unemployment. Indicators for analyzing the labor market. Paired variables.
13. Wage setting through collective bargaining (incl. the formula).
14. Reservation wage versus starting wage.
15. Wage determination through the price-setting process (incl. the formula).
16. Labor market equilibrium at the natural rate of unemployment. Causes of its changes (firms' market power, changes in resource prices, etc.). Natural level of employment and GDP.
17. Aggregate supply (AS) model (graph+formula) as a reflection of equilibrium in the labor market. Properties of the AS function. Price expectations as a non-price factor of aggregate supply.
18. Aggregate demand (AD) model as a reflection of equilibrium in the financial and goods markets. Non-price factors of aggregate demand (MMM, GGG, and TTT) and their impact on AD.
19. Short-run and long-run equilibrium in the AD-AS model, taking price expectations into account.
20. Dynamic effects of economic policy. Monetary policy: the dynamics of adjustment of the economy over different time periods.
21. Dynamic effects of fiscal policy: reducing the budget deficit by cutting government purchases at full employment.
22. Oil prices and the natural rate of unemployment.
23. The balance of payments (definition, structure). Balance-of-payments balance (surplus and deficit). Active and passive balance of payments.
24. The macroeconomic role of the balance of payments (accounting identity).
25. The expenditure multiplier in an open economy.
26. Nominal exchange rate and its regimes (with graphs)
27. Determination of the equilibrium exchange rate under floating and fixed exchange rate regimes (+graph).

28. Functions and instruments of the central bank. Central bank reserves. Central bank interventions in the foreign exchange market.
29. Real exchange rate. Effective exchange rate. Purchasing power parity hypothesis.
30. The impact of exchange rate changes on the balance of payments and import-substituting production. J-curve effect.
31. Mundell-Fleming model (assumptions and construction of the model in Y-r and Y-e coordinates).
32. Mundell-Fleming model: fiscal policy under a fixed exchange rate.
33. Mundell-Fleming model: fiscal policy under a floating exchange rate.
34. Mundell-Fleming model: monetary policy under a fixed exchange rate.
35. Mundell-Fleming model: monetary policy under a floating exchange rate.
36. Financial depth: indicators and its economic contents.
37. Financial inclusion: indicators and its economic contents.
38. A taxonomy of financial crises: currency crises, debt crises, sudden stops, banking crises, asset market crises.
39. A taxonomy of financial systems. The Allen-Gale scale.
40. The model of the national financial possibilities frontier (+graph). Causes of financial crises: main theories and the role of behavioral factors.