

Müəllimin adı: Alıyev Xətai Şahin

Fənnin adı: Economic Regulation

Qrupun nömrəsi: 1063

Mövzu 1. Economic policy - theory and practice: concepts

1. Explain attitudes of an economist in *positive economics*, *normative economics*, and *political economics* approach. Give an example related to economic policy.
2. The difference between *positive economics* and *normative economics* in economic policy analyses context.
3. Explain the question economists – those are involved in public decisions face. It is stated that “the question is not “how can unemployment be reduced?”. Why?
4. What do policymakers do? Explain all the tasks as grouped into six categories.
5. A simple representation of economic policy: *objectives*, *instruments*, and *institutions*.

Mövzu 2. Economic policy evaluation

6. The three functions of economic policy: explain briefly.
7. Explain why and when state intervention for *allocation of resources*, *macroeconomic stabilization*, and *income redistribution* is required.
8. Explain following utility functions in the context of income distribution: “*Benthamian*” function, “*Rawlsian*” function, and *strict equalitarianism* approach. Explain by using graphical illustration.
9. *Ex-ante* and *ex-post* economic policy evaluation: explain on an example.
10. Explain allocation, stabilization, and redistribution effects of reduction in income tax, increase in government expenditure, and increase in social transfers briefly.

Mövzu 3. Economic policy in a complex world: living with limits

11. Main limits to the traditional approach to economic policy: living with limits and the limits of knowledge.
12. Explain “irreversibility” character of economic policy decisions: why UK and Sweden exercised the option to “wait and see” for joining Eurozone?
13. Explain the notion of “rational expectations” and its challenges for economic policy planning.
14. Are expectations of individuals and firms (including banks and other large corporations) rational? Briefly discuss.
15. Why credibility of public intervention is very important for successful economic policy implementation?
16. Explain challenges of the limits of information and existence of asymmetric information within the government.
17. Why politicians may depart from the general interest?

Mövzu 4. Economic policy in a complex world: living with interdependence

18. Political vs technocratic governance in economic policy.
19. It is stated that “policymakers need to take into account the cross border implications of their decisions and their interactions with other governments”. Why?

20. Why international policy coordination is required?

Mövzu 5. Fiscal policy: issues and theories

21. What is fiscal policy all about? Explain the notion of budget (revenues and expenditures), and budget deficit.
22. Measuring the fiscal imbalance.
23. Public debt and debt accumulation
24. Demand-side effects: the Keynesian analysis
25. Effect of a Keynesian expansionary fiscal policy. Explain by using graph.

Mövzu 6 Fiscal policy: issues and theories

26. Why “the room for maneuver for fiscal policymakers” is generally limited in the short run? Justify your answer.
27. Explain the sources of deficit financing: what is the impact over inflation?
28. Financial balance vs primary balance: explain the difference
29. Explain the solvency of the public sector: what happens if solvency decreases?
30. Why governments cannot fully provide financial reporting as private sector does? Explain each of the reasons briefly.
31. What happens when aggregate demand is insufficient? Explain the role of fiscal policy in such situation. Show on an example.
32. Explain the notions of expansionary fiscal policy and contractionary fiscal policy and their impact over total output.
33. Explain the notions of expenditure multiplier and tax multiplier. Use an example calculation to justify your explanation.
34. Assume that in Azerbaijan economy, Marginal Propensity to Consume is 0.8 (or 80%). How much change in national income will be if government expenditure increases 2000 AZN? Explain your result from economic point of view.
35. Assume that in the economy of Georgia, Marginal Propensity to Consume is 0.9 (or 90%). How much change in national income will be if government expenditure increases 10000 USD? Explain your result from economic point of view.
36. Assume that in the economy of Turkey, Marginal Propensity to Consume is 0.70 (or 70%). How much change in national income will be if tax revenues increases 20000 USD? Explain your result from economic point of view.
37. Assume that in the economy of Russian Federation, Marginal Propensity to Consume is 0.90 (or 90%). How much change in national income will be if tax revenues increases 15000 USD? Explain your result from economic point of view.
38. What is Crowding Out effect? Explain on an example.
39. Why it is argued that “*tax cuts have no effect on spending and national savings*”?
40. Implications of Ricardian Equivalence: explain briefly
41. Comment on the political economy of debt.

Mövzu 7-8: Monetary policy

42. What is monetary policy? Explain money and monetary aggregates.
43. Expansionary monetary policy vs contractionary monetary policy
44. What do central banks do?

45. Explain the price of liquidity. the rate applied to a repurchase agreement is 5%, a bank seeking liquidity from the central bank for 14 working days for an amount of 200 million euros, how much will have to pay the bank for this liquidity service?
46. Explain money creation process by the central bank and commercial banks. Use an example to support your answer.
47. The objectives of monetary policy. Explain all objectives briefly
48. Explain the long-run neutrality of money and short-run nominal rigidities.
49. Comment on Central Bank credibility and inflation targetting.
50. Transmission channels of monetary policy: briefly explain three main transmission channels.
51. Central Bank's independence vs seigniorage revenues of the government. Why it is better to have technocratic governance for Central Banks?

Mövzu 9-10: International Financial Integration and Foreign-Exchange Policy

52. Monetary policy vs exchange rate policy
53. A brief history of the international monetary system
54. Current-account convertibility and financial-account convertibility: what is the impact over exchange rate of a currency?
55. Taxonomy of exchange-rate regimes: explain
56. Exchange-rate dynamics: nominal, real and effective exchange rates
57. Correlation between nominal and real exchange rates
58. Explain the relationship between real exchange rates and the balance of payments.
59. Marshall–Lerner condition and J–curve
60. Briefly explain impossible trinity or Mundell's triangle

Mövzu 11-12: Growth policies

61. Why growth policies required?
62. Explain the notion of convergence (absolute and conditional convergence) and conditioning variables for convergence
63. Convergence and inequality: comment on the relationship between economic growth and inequality
64. It is stated that “poor people are poor because they are poor”. In country level (i.e., poor country and rich country), explain this argument and justify your answer.
65. Public policy roadmap in the short-run and long-run.
66. Stimulating economic growth: the role of stabilization and allocation policies.
67. Explain the interrelation between long-term trends and short-term fluctuations in an economy (from economic growth context).
68. Do improving institutions matter for better economic growth? Justify your answer.

Mövzu 13-14: Tax policies

69. What is taxation about? Explain benefits of taxation.
70. One benefit of taxation is that “taxation can play a “paternalistic” role by protecting private agents from their own errors”. Discuss and comment on this argument. Support your answer by using examples.
71. Explain the argument - “too much taxes kill taxes”: The Laffer curve

72. How are taxes collected? Direct taxes and indirect taxes.

Mövzu 15: Overall evaluation of Azerbaijan's economic policy

73. Discuss fiscal policy implementation in Azerbaijan after 2000.

74. Discuss Azerbaijan's monetary and exchange rate policies after 2000.

75. Discuss Azerbaijan's tax policy and taxation system. Especially comment on the changes after 2014.