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| **BEYNƏLXALQ İQTİSADİYYAT MƏKTƏBİ** |
| **BEYNƏLXALQ İQTİSADİYYAT (İNGİLİS DİLLİ) KAFEDRASI** |

Economic Regulation – Final Exam Question

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Group: 1006

1. Explain 3 alternative Approaches of Economic Policy. Make *a case example* related to normative economics *first* and *second best solution*.
2. What do policymakers do? Explain 6 categories briefly
3. Choose one of the main global problems of nowadays and it’s real solution related to economic policy
4. Explain similarities&difference between 3 functions of economic policy (stabilization, allocation and redistribution).
5. Explain and give an example government trade-off: with its 3 objective (unemployment rate, current account, inflation rate) and 2 instruments (fiscal balance and the short term interest rate)
6. Explain a decision criteria starting from a single to aggregate utilities function. Explain the difference between Benthamian and Rawlsian function with graphical illustration.
7. In practice which social welfare functions can be used for evaluation allocation of resources, macroeconomic stabilization and redistribution of income. Explain one of the 4 categories of Economic policy evaluation and simulation models
8. What is the Ex-post and Ex-ante economic policy evaluation.
9. Explain the definition of main economic policies, as well as why and when state intervention in these policies is required.
10. What are the direct and indirect effect of 3 Public Policies on *reduction in income tax*, *increase in government expenditures* and *increase in social transfers*
11. Main limits to the traditional appraoch to economic policy: The limits of knowledge- explain model and parameter uncertainty and Risk.
12. Explain “irreversibility” character of economic policy decisions: why UK and Sweden exercised the option to “wait and see” for joining Eurozone?
13. Why credibility of public intervention is very important for succesful economic policy implementation and how it imported after 70s?
14. Explain the limits of information – what is the negatives of asymmetric information within the government?
15. Why politicians may depart from the general interest?
16. Global public goods. Illustration with table the relationship between exludable (non exludable) and rival (non rival) goods
17. How and why the international Spillovers occur? Explain Prisoner’s Dilemma throguh Brexit case.
18. Explain the main motives and the main arguments against coordination
19. Explain in which global problem international cooperation have disagreements regarding all 3 levels?
20. What is Federalism. Explain pros and cons of centralization and decentralization.
21. What is the fiscal policy? Explain fiscal balance and fiscal surplus, as well as main steps in preparation draft budget.
22. What is monetization of the deficit. Explain with country example
23. Explain the relationship between gross rate and interest rate. The worst debt to gdp ratio countries.
24. The use of fiscal policy. Country (USA, Japan or EU) example
25. What is the criteries for assessing public debt sustainability?
26. What is the main eight criteria for an “ideal fiscal rule”
27. Explain types of fiscal rules
28. Explain with your own words example of fiscal rules in one of the main countries in the worldwide
29. How does golden rule developed in the euro area?
30. What are the main objectives of fiscal policy. Give country example
31. Explain the main objectives of Central Banks?
32. How can Central bank influence commercial banks? Give an explanation from provision of liquidity through reserve requirement.
33. The price of liquidity. The relationship between refinancing rate and liquidity
34. Definition and link between two type of liquidity
35. Explanation of exchange rate overshooting
36. Which policy issues have been raised by the role of the financial stability to the central banks
37. How monetary policy can affect real variables? Three main transmission channels in the closed economy
38. Why central bank should have an independence?
39. How central banks can build up their credibility?
40. What is the transparency and independence level of Central bank Azerbaijan Republic?
41. The mandates of 4 central banks (US Fed, ECB, Bank of England, Bank of Japan). Table explanation of Price stability, Exchange-rate stability, output stabilization and Financial stability.
42. Explain from historical perspectives Basel I, II and III. Difference between 3 Basels
43. If the central bank intends to keep inflation at 2%, how should it set the interest rate? The three types of rules.
44. Main advantages of inflation targeting. Explain Inflation target table for 2018
45. Explain main bullets of international financial integration in history – starting from Gold Standard
46. What is the key currency for international transactions and why?
47. What is the relevant instrument to identify supply and demand of foreign currency. And explain its three accounts
48. Difference between hard and soft pegs
49. Regarding observation of real exchange rates over long periods and across countries define and explain two stylized facts
50. Explain one of the currency-crisis models with real country example
51. Explain Mundell’s Impossible Trinity
52. How the monetary authorities can influnce or try to influce the exchange rate?
53. What is the main stylized facts of growth policies
54. Explain relationship between growth and inequality. How they can effec to each other
55. How can growth be measured. In today economy with which indexes GDP suggested to substitute and why?
56. Explain types of inequality and trends in global inequality nowadays
57. Explain 4 determinants of long-term per capita GDP growth
58. Explain types and 2 differention of Innovation
59. What is the relationship between trade and growth
60. How can we boost the growth. Give brief explanation of pillars
61. How can be seen competition from the eyes of economists and industrialists. Microsoft case
62. What & why is the Taxation about
63. Who and how the taxes are collected. Types of the tax
64. Difference between horizontal and vertical redistribution
65. Explain tax on supply and demand with graph
66. What 2 theory in Tax topic – Ramsey rule and Laffer curve
67. What is the main tax policies
68. What is VAT and why country budget can’t solely rely on it
69. How tax burden can be distributed equitably. Horizontal and vertical equity
70. What is the 2 step strategy of the European Commission in removing corporate tax distortions in the EU
71. After 2014 what kind of economic road Azerbaijan has passed? The last data of main macroeconomic indicators (Inflation rate, GDP, share of non-oil sector in GDP, unemployment rate, current foreign reserves, public deficit and etc.)
72. History of Devalvation of Azerbaijan. How and with which policies government stabilized the macroeconomy
73. New Economic model of Azerbaijan – and what else you can suggest?
74. What is the role of oil-gas sector in Azerbaijan’s Economy?
75. The taxes that applicale in the Republic of Azerbaijan and how they are regulated