

**Ministry of Education and Science of the Russian Federation  
Federal State Autonomous Educational Institution of Higher Education**

National Research University  
Lobachevsky State University of Nizhny Novgorod

Institute of Economics and Entrepreneurship

APPROVED  
by the decision of the Academic Council of UNN  
protocol № 13 dated «30» November 2022

**Study Program of the Course**

**FINANCIAL AND MONETARY METHODS OF ECONOMIC  
REGULATION**

Level of Higher Education

**Master**

Area of Study

**38.04.02 «Management»**

Program

**Management of Business and Finance**

Degree

**Master**

Form of Training

**Full - Time**

Nizhny Novgorod

2022

## 1. The Place of the Course in the Structure of the Main Education (Degree) Program

The course B1.B.04 "Financial and monetary methods of regulation of the economy" is a part formed by the participants of educational relations. Area of Study 38.04.02 "Management".

**The goal of mastering the discipline** "Financial and monetary methods of regulating the economy" is the acquisition by students of fundamental theoretical knowledge about the targets, tools, effects and interrelationships of financial and monetary policy in developed and developing countries in the context of globalization. They investigate the impact of various types of economic policies on the real and financial sectors of the economy. They practice the skills of economic analysis.

By the end of this course, students will be able to forecast the influence of changes in economic policy on functioning of their businesses. They will be able to apply this knowledge in working out effective strategic decisions as at the state level and at the level of the individual firm or household.

Course objectives are the following:

- understanding basic theoretical concepts and models of monetary and financial economics; goals, tools, effects and consequences of monetary and fiscal regulation of economy;
- developing skills of processing macroeconomic and global data and analyzing of information, conducting back-and stress-testing of the macroeconomic environment and evaluating the effectiveness of the measures of economic regulation;
- forecasting the economic development at the macro level, taking into account the influence of tools of financial and monetary policy, and acquiring the ability to develop new policy documents aimed at improving monetary, fiscal, exchange rate, budgetary, tax, public debt policies;
- understanding modern condition and main issues of economic development of native country and ways of their solving by means of macroeconomic regulation;
- comprehending how economic regulation in other countries and decisions made by international organizations influence on national macroeconomic conditions and peculiarities of internal economic policies;
- leading a debate on a controversial topics of macroeconomic policy, articulating the main idea and supporting arguments, and discussing current decisions in economic policy and problem articles;
- giving a presentation, showing evidence of research.

## 2. The planned learning outcomes, correlated with the planned learning outcomes of the educational program (competencies and indicators of competencies achievement)

Competencies	The planned learning outcomes, in accordance with the indicator of achievement of competence		Assessment tools
	Indicator of competence achievement *	Learning outcomes **	
<i>PC-1</i> Ability to conduct independent research related to methodological support, maintenance and coordination of the	<i>PC- 1.1</i> Provides justification of the relevance, theoretical and practical importance of the chosen research topic.	<i>To know:</i> the basic concepts, theories, goals, objectives, effects of monetary and financial regulation of the economy. <i>To be able to:</i> apply the knowledge gained to substantiate the relevance, theoretical and practical significance of the topic of scientific research. <i>To have the skills:</i> of selecting and analyzing information, assessing the	Task (practical task) Test Dispute

management process.		relevance of various concepts and theories of monetary and financial regulation for the development and substantiation of a research plan.	
	<i>PC-1.2</i> Conducts independent research on methodological support, maintenance and coordination of the management process.	<i>To know:</i> the legal, organizational and methodological foundations of the functioning of the monetary and financial systems. <i>To be able to:</i> predict the consequences of using various tools of monetary and financial regulation for the national economy as a whole and for individual economic entities. <i>To have the skills:</i> apply modern models and research methods to assess the impact of monetary and financial regulation on the state and development of socio-economic processes and phenomena.	Task (practical task) Test Dispute
<i>PC-2</i> Ability to summarise and present the results of the research concerning methodological support, maintenance and coordination of the management process in the form of a research report, article or paper.	<i>PC- 2.1</i> Summarises the results of research carried out in the field of management.	<i>To know:</i> the main implications of managing the exchange rate and government debt. <i>To be able to:</i> draw logical and reasonable conclusions and generalizations when studying the impact of currency and fiscal regulation on the behavior of economic agents and markets. <i>To have the skills:</i> apply the methods of analysis and assessment of the impact of monetary, foreign exchange and fiscal regulation on decision-making by economic agents in the global financial environment.	Task (practical task) Test Essay
	<i>PC- 2.2</i> Presents the results of the conducted research in the form of a research report, article or paper.	<i>To know:</i> the algorithms and methods of scientific research in the field of the functioning of the financial and monetary systems of the state, financial and monetary regulation of the economy. <i>To be able to:</i> prepare a plan, develop the structure of a report, a scientific article on the problems of financial and monetary regulation of the economy, reflect in them all the necessary components. <i>To have the skills:</i> possess ways to effectively present a prepared scientific report, participate in discussions on the problems of financial and monetary regulation of the economy.	Task (practical task) Test Essay

### 3. The Structure and Content of the Course

#### 3.1 Workload of the Course

	Full - Time
Total number of credits	4 Credits
Hours according to the curriculum	144
including	

<b>Contact work with the teacher:</b>	
- Lectures	16
- Seminars (practical classes / laboratory work)	32
<b>Student's independent work</b>	22
<b>Control</b>	72
<b>Midterm Assessment - Exam or Test</b>	2

### 3.2. Content of the Course

Modules or topics	Workload (hours)	Including				
		Contact Work				Independent work
		Lectures	Seminars	Lab classes	Total	
Topic 1. Equilibrium in money market: models and alternative approaches	9	2	4		6	3
Topic 2. IS-LM-BP Model: how monetary and fiscal policies affect macroeconomic equilibrium	9	2	4		6	3
Topic 3. Theoretical basics in monetary policy	9	2	4		6	3
Topic 4. Specifics of monetary policy of the Central Bank in Russia and foreign countries	9	2	4		6	3
Topic 5. Administering currency exchange and managing official reserves	9	2	4		6	3
Topic 6. Characteristics and types of the fiscal policy	9	2	4		6	3
Topic 7. Characteristics and types of the state budget policy	8	2	4		6	2
Topic 8. Managing the internal and the external public debt	8	2	4		6	2
Including. current control	72					
Exam	2					
<b>Total</b>	<b>144</b>	<b>16</b>	<b>32</b>		<b>48</b>	<b>22</b>

#### Content of the course

##### Topic 1. Equilibrium in money market: models and alternative approaches

Nature, types and functions of money. Neo-classical and Keynesian approaches to understanding of the money market equilibrium. Baumol-Tobin model. Portfolio-based

approaches to modeling of the money demand.

Money supply and its structure. Understanding of the money supply in general and in narrow sense.

General understanding of the money base and its specifics. Monetary aggregates. Coefficient of the economy monetization. Indicators of the money supply structure and their relationship with the real economy and financial sector of the economy. Process of the banking multiplication. Money, deposit, and credit multipliers. Basics in the crediting process. Financial market equilibrium and its modeling.

## **Topic 2. IS-LM-BP Model: how monetary and fiscal policies affect macroeconomic equilibrium**

Neo-Keynesian approach to finding equilibrium in money market (LM curve). How monetary policy shifts the LM curve. Interpretation of the LM curve slope.

Equilibrium in the goods market. Neo-Keynesian approach to derivation of the Investment-Saving curve. How fiscal policy shifts the IS curve. Fiscal and government spending multipliers impact on effectiveness of the fiscal policy. Haavelmo theorem. Joint equilibrium in the closed economy. Crowding-out effect. Monetary and fiscal policies in the short run and in the long run.

Equilibrium in the balance of payments (BP curve). General equilibrium in the open economy (Mundell-Fleming model). IS-LM-BP model: efficiency of the monetary and fiscal policies.

## **Topic 3. Theoretical basics in monetary policy**

Central Bank functions. Understanding, goals and types of the fiscal policy, its impact on inflation and economic growth. The Expensive Money policy. The Cheap Money policy. Interest rate. Bank reserves ratio. Financial operations in the open market as the monetary policy tools. Central Bank institutional independence and its consequences.

The channels of money supply impact on the real economy (monetary policy mechanism): interest rate channel, currency exchange rate channel, “other goods' price” channel, credit channel, etc. Limitations of monetary policy effectiveness: dynamic inconsistency, bubble phenomena, sunspots phenomena, overlapping generations model, cash-in-advance constraint model.

Alternative monetary regimes: conditions, restrictions and efficacy. Monetary targeting: “anchor money”. Targeting of currency exchange rate: “anchor currency” and “currency board”. Inflation targeting. Interest rate targeting. Taylor Rule. Nominal GDP targeting and economic monitoring.

## **Topic 4. Specifics of monetary policy of the Central Bank in Russia and foreign countries**

Contemporary refinancing institution. Discount rate and interbank lending interest rate. The dynamics of the rates and their relationship with various economic indicators. Characteristics of the Central Bank loans to commercial banks. Daytime and overnight lending. Lombard loan. Loan Collateral secured by precious metal. Direct and reverse REPO agreements. Loan secured by non-liquid assets. Currency swap.

Characteristics of money creation channel (credit, stock and currency channels). Mechanisms of sterilization of excess money supply. Deposits of the Central Bank of Russia, operations with BOBR. Depositing government funds to credit institutions. Liquidity management tools in the interbank market. Types of the interbank lending interest rates.

Specific duties of the Central Bank of Russia during financial crisis. Contemporary issues in developing of the banking sector, and approaches to solving the existing problems. Central Bank monetary policy tools to influence structural changes in the economy.

### **Topic 5. Administering currency exchange and managing official reserves**

Floating, fixed and managed currency exchange rates. Alternative regimes of currency exchange rate: conditions, restrictions, and efficiency. Currency, bi-currency, and multiple-currency exchange rates. Nominal, real, and real effective currency exchange rates. How currency exchange rates influence the real economy and its financial sector. Understanding the official reserves, composition, structure and functions. Indicators of the official reserves sufficiency and sufficiency criteria (Greenspan Criterion, Reddy Criterion, Guidotti Rule, wide and maximalists criteria).

Currency intervention as a tool to managing the state reserves and currency exchange rates. Linkage between monetary and currency policies.

### **Topic 6. Characteristics and types of the fiscal policy**

Fiscal policy goals and tools, general information.

Understanding and classification of the state reserves (functional and economic categorization; transformation and transaction costs).

Understanding and classification of the government spending. Public policy related to managing state revenues. Types and methods of state revenue accumulation. Sources of the state revenues (taxes and their categorization; non-tax incomes and their types; state corporations). Institutional approach to the fiscal policy. State goals in the fiscal policy.

Criteria of the institutional classification of the fiscal policy: mechanisms and interdependence between discretionary fiscal policy and the economic cycle phase. General issues in the state inter-budget system.

### **Topic 7. Characteristics and types of the state budget policy**

Characteristics of the state budget. Balance of the federal, regional and local budgets. Basic concepts in the state budget management (annually balanced budget, periodically balanced budget, concept of functional financing).

Types of the budget deficit. Structural, periodic, operational, prime, quasi-fiscal (quasi-budget) deficits of the state budget.

Sources of financing of the state budget. Internal and External sources of financing: types and characteristics.

Deficit and surplus of the state budget: retrospective and prospective analyzes. Use of the budget surplus: possibilities and restrictions. Stabilization Fund. State Reserves Fund. Budget policy and inflation. Olivera-Tanzi effect. Patinkin effect. Suppression of economic growth effect. Inflation impacts on real interest rate and cost of the state debt.

### **Topic 8. Managing the internal and the external public debt**

Public debt and its structure. The internal and the external public debt. Public and private debt. Models of the debt economy. State debt management. Types of the government bonds. Specifics of demand for the bonds. External borrowing and main creditors of the public and private sector. Standard restrictions on the external public debt (e.g., according to the Maastricht Treaty). Understanding the state sovereign and technical defaults.

Practical classes (seminars /laboratory work) are organized with elements of practical training, that provides the implementation of certain activities related to future profession.

Practical training includes: solving practical problems and tests, conducting seminars-disputes and round tables on current problems of the Russian and foreign economy, writing and defending a course paper.

Six hours of seminars are conducted in the form of practical training.

Practical training is aimed at the formation and development of:

- *skills of professional activity in accordance with the profile of the program:*
  - organization of scientific research;
  - identification and formulation of contemporary scientific issues related to the methodological support, maintenance and coordination of the management process;
  - preparation of scientific reviews, reports and scientific publications;
- *competencies:*
  - PC-1. Ability to conduct independent research related to methodological support, maintenance and coordination of the management process.
  - PC-2. Ability to summarise and present the results of the research concerning methodological support, maintenance and coordination of the management process in the form of a research report, article or paper.

Ongoing monitoring of academic performance is carried out within the framework of seminar-type classes, group and individual consultations.

#### **4. Methodological support for students' independent work**

Independent work of students is designed to consolidate theoretical knowledge and practical skills acquired by students in lectures, practical and seminars.

Independent work of students is carried out with the aim of:

- systematization and consolidation of the obtained theoretical knowledge and practical skills of students;
- deepening and expanding theoretical knowledge;
- formation of skills to use reference documentation and special literature;
- development of students' cognitive abilities and activity: creative initiative, independence, responsibility and organization;
- the formation of independence of thought, the ability to self-development, self-improvement and self-realization;
- development of research skills.

The effectiveness of lectures, seminars and practical classes in the discipline largely depends on the quality of students' independent work, on their self-preparation.

When preparing for classes, it is useful for a student:

- study the theoretical material on this topic (summary of the lesson);
- get acquainted with the literature recommended by the teacher;
- to complete the tasks proposed by the teacher for the lesson (solve problems, pass the tests);
- make a list of issues that cause difficulties, ambiguities or doubts, discuss them with the teacher or in class;
- engage in an independent search for additional literature on the topic under study.

Independent work can be carried out in the reading rooms of the library or at home. Self-assessment can be in the form of electronic tests or graded assignments. At the end of the study, routine testing is done.

## Disputes, discussions, round tables

When mastering the discipline "Financial and monetary methods of regulating the economy", students are invited to participate in discussions/disputes on topical issues of monetary, fiscal, and foreign exchange policy of the state.

Discussion/dispute being an active teaching method is based on direct and active communication of students, which allows the majority of students to be involved in a discussion of an urgent problem.

A dispute involves a consideration of a problem, issue or topic, in the process of working on which different judgments arose. It is based on alternate presentations of participants demonstrating their points of view.

At the same time, the leader of the dispute takes an independent position, promotes the organization of interaction, the exchange of opinions, manages the development and adoption of group decisions. Discussion topics are formed on the basis of emerging problems in real practice.

Self-preparation for the discussion includes the search and study of the most pressing problems, ambiguous views on these problems, arguments reflecting the positive and negative effects of state regulation of market processes.

Preparing for a discussion / dispute implies the formation of research groups and teamwork.

Preparation stages:

1. Determine and define the research questions.
2. Select the cases and determine data gathering and analysis techniques.
3. Prepare to collect the data.
4. Collect data in the field.
5. Evaluate and analyze the data.
6. Prepare a short presentation of your talk.

*A presentation in the Power Point format (up to 15 slides) includes:*

1. Title slide,
2. Analysis of dynamics factors and statistical indicators,
3. Conclusions.
4. The official UNN presentation slide template should be used.

## Essay

**An essay** is an independent creative written work, it usually represents a reasoning - thinking (less often reasoning - an explanation), therefore it uses a question-answer form of presentation, interrogative sentences, rows of homogeneous members, introductory words, a parallel way of connecting sentences in a text.

### **Features of the essay:**

- presence of a specific topic or question;
- the personal nature of the perception of the problem and its comprehension;
- small volume;
- free composition;
- ease of narration;
- internal semantic unity;
- aphorism, emotionality of speech.

**The purpose of the essay** is to develop the skills of independent creative thinking and the written presentation of one's own thoughts. Writing an essay is extremely useful, because it allows the author to learn how to clearly and competently formulate thoughts, structure information, use the main categories of analysis, highlight causal relationships, illustrate concepts with relevant examples, and argue their conclusions; master the scientific style of speech.



### **Essay requirements**

1. The length of the essay should not exceed 1-2 pages.
2. The essay should be perceived as a whole, the idea should be clear and understandable.
3. It is necessary to write briefly and clearly. The essay should not contain anything superfluous, it should include only the information that is necessary to disclose your position, idea.
4. The essay should have a competent compositional structure, be logical, clear in structure.
5. Each paragraph of the essay should contain only one main point.
6. The essay should show that its author knows and meaningfully uses theoretical concepts, terms, generalizations, worldview ideas.
7. The essay must contain convincing arguments for the position stated on the problem.

### **Essay structure**

is determined by the requirements for it:

- the thoughts of the author of the essay on the problem are presented in the form of short theses (T);
- the thought must be supported by evidence - therefore the thesis is followed by arguments (A).

### **Algorithm for writing an essay**

1. Read the topic carefully.
2. Define the thesis, idea, main idea that you are going to prove.
3. Find the arguments to support your thesis:
  - logical evidence, arguments;
  - examples, situations, cases, facts from your own life or from literature;
  - opinions of authoritative people, quotes.
4. Arrange the matched arguments.
5. Come up with an introduction (introduction) to the reasoning based on the theme and main idea of the text, perhaps including the sayings of great people, catchphrases, proverbs or sayings that reflect this problem. You can start your essay with a rhetorical question or exclamation appropriate to the topic.
6. State your point of view.
7. Formulate a general conclusion.

### **Design of essay**

Use Word format (6-8 pages, font size 12, spacing 1.5). Components of the essay:

- Title page.
- Content.
- Introduction.
- Main text of the report.
- Output.
- Links (references and information on the Internet).
- Annex (if necessary).

For all text fragments used in the essay, references and / or footnotes to sources of information, including the Internet (exact site address and date of access), should be made. Such references and / or footnotes should be placed at the end of the text.

Questions for final control, tasks for current control and Midterm Assessment based on the learning outcomes of the discipline are given in 5.2.

An online course «Financial and Monetary Methods of Economic Regulation / Финансовые и денежно-кредитные методы регулирования экономики» created in the UNN e-learning system is used to ensure the independent work of students - <https://e-learning.unn.ru/course/view.php?id=3657>.

## 5. Evaluation tools for Midterm Assessment based on the learning of the course material,

includes:

### 5.1. Criteria for assessing learning outcomes

Learning outcomes	Assessment criteria						
	«Poor»	«Unsatisfactory»	«Satisfactory»	«Good»	«Very good»	«Excellent»	«Perfect»
	FAIL		PASS				
<u>Knowledge</u>	Lack of theoretical knowledge.  Inability to assess the completeness of knowledge due to the student's refusal to answer	The level of knowledge is below minimum requirements. There has been serious errors.	Minimum acceptable level of knowledge. A lot of errors were made.	The level of knowledge corresponds to the program. A few errors were made	The level of knowledge corresponds to the program.  A few minor flaws were made	The level of knowledge corresponds to the program. There are no flaws.	The level of knowledge exceeds the level required in the training program.
<u>Abilities</u>	Lack of minimal abilities and skills.  Inability to assess the completeness of knowledge due to the student's refusal to answer	Basic abilities and skills in solving standard tasks are not demonstrated.  There has been serious errors.	Basic abilities and skills are demonstrated. Typical tasks with non-serious errors were solved. All tasks are completed, but not in full.	All basic abilities and skills are demonstrated. All the main tasks with non-serious errors have been solved. All the tasks were completed, in full, but some of them were incomplete.	All basic abilities and skills are demonstrated. All the main tasks have been solved. All tasks are completed, in full, but some with shortcomings.	All the basic abilities and skills are demonstrated.  All the main tasks are solved with some minor shortcomings, all the tasks are completed in full	All the basic abilities and skills are demonstrated.  All the main tasks have been solved. All tasks are completed, in full, without any shortcomings
<u>Skills</u>	Lack of skills of the material.  Inability to assess the completeness of knowledge due to the student's refusal to answer	Basic skills in solving standard tasks are not demonstrated  There has been serious errors.	There is a minimal set of skills in solving standard tasks with some shortcomings	Basic skills in solving standard tasks are demonstrated with some shortcomings	Basic skills in solving standard tasks are demonstrated without errors and shortcomings	Skills in solving non-standard tasks are demonstrated without errors and shortcomings.	A creative approach to solving non-standard tasks is demonstrated

The final control of the quality of mastering by students of the discipline content is carried out in the form of an exam, which determines:

- the level of mastering by students of the main educational material in the discipline;
- the level of students' understanding of the studied material;
- the ability of students to use the knowledge gained to solve specific problems.

The exam is conducted orally (or includes oral and written parts). The exam consists in the student's answer to the theoretical questions of the course (with preliminary preparation) and the subsequent interview within the scope of the course. The interview is conducted in the form of questions to which the student must give a short answer. The practical part of the exam involves analyzing a practical situation (solving a problem).

#### Scale for the assessment of the learning outcomes:

Assessment		Training level
	<b>Perfect</b>	All competencies (parts of competencies) are formed at a level not lower than "Perfect". Knowledge, skills, and proficiency in the relevant competencies are demonstrated at a level higher than the program provides
<b>PASS</b>	<b>Excellent</b>	All the competencies (parts of competencies) are formed at a level not lower than "excellent", at least one competence is formed at the "Excellent" level.
	<b>Very good</b>	All the competencies (parts of competencies) are formed at a level not lower than "Very good", at least one competence is formed at the "Very good" level.
	<b>Good</b>	All the competencies (parts of competencies) are formed at a level not lower than "Good", at least one competence is formed at the level of "Good".
	<b>Satisfactory</b>	All the competencies (parts of competencies) are formed at a level not lower than " Satisfactory ", at least one competence is formed at the level of " Satisfactory ".
<b>FAIL</b>	<b>Unsatisfactory</b>	All the competencies (parts of competencies) are formed at a level not lower than " Unsatisfactory ", no one competence is formed at the level of " Poor ".
	<b>Poor</b>	At least one competence is formed at the " Poor " level

## 5.2. Typical assignments or other materials necessary for the assessment of learning outcomes.

### 5.2.1 Questions for pass/fail final control

Questions	Code of competence
1. Money demand, money supply and money market equilibrium in Neoclassical approach.	PC-1
2. Money demand, money supply and money market equilibrium in Keynesian approach.	PC-1
3. Transactions demand for money in the Baumol-Tobin model.	PC-1

4. Money demand in portfolio-based theories.	PC-1
5. Money supply and its structure. Monetary aggregates.	PC-1
6. Banking multiplication with fractional reserves. Factors determining the value of money multiplier, deposit multiplier, and credit multiplier.	PC-1
7. Impact of monetary policy on macroeconomic equilibrium in the IS-LM model.	PC-2
8. Impact of fiscal policy on macroeconomic equilibrium in the IS-LM model.	PC-2
9. Impact of monetary policy on macroeconomic equilibrium in open economy in the IS-LM-BP model.	PC-2
10. Impact of fiscal policy on macroeconomic equilibrium in open economy in the IS-LM-BP model.	PC-2
11. Goals, types and instruments of monetary policy.	PC-1
12. The channels of money supply impact on the economy performance.	PC-1
13. Limitations of monetary policy effectiveness.	PC-1
14. Alternative monetary regimes and their effects.	PC-1
15. Refinancing institution and types of loans of the Central bank to commercial banks.	PC-1
16. Instruments of sterilization of excess money supply and management of commercial banks' liquidity.	PC-1
17. Short-term and long-term monetary policy.	PC-1
18. Exchange rate, its types and mechanisms.	PC-2
19. Exchange rate policy and its effects.	PC-2
20. Official reserves, their functions and sufficiency criteria.	PC-2
21. Fiscal policy: notion, goals and types.	PC-2
22. Rule vs discretion in fiscal policy. Automatic stabilizers in fiscal policy.	PC-2
23. Fiscal and monetary policy consistency.	PC-2
24. Alternative budget managing theories.	PC-2
25. Tax policy and its implementation.	PC-2
26. State revenues and their managing.	PC-2
27. State expenditures and their managing.	PC-2
28. Budget deficit and budget surplus and their managing.	PC-2
29. Fiscal federalism.	PC-2
30. Public finance and state ownership.	PC-2
31. Public finance functions.	PC-2
32. Public debt, its functions and structure.	PC-2
33. Managing internal and external public debt.	PC-2

### 5.2.2. Standard tests for assessing the competence formation

**PC-1.** *Ability to conduct independent research related to methodological support, maintenance and coordination of the management process*

#### *Tests*

**1. (2 points). Equilibrium in the money market in the neoclassical approach is achieved thanks to ...**

a) establishing an equilibrium price level,

- b) establishing an equilibrium level of the real interest rate,
- c) establishing an equilibrium level of the nominal interest rate,
- d) establishing a balance of savings and investments.

**2. (2 points). Equilibrium in the money market in the Keynesian approach is achieved thanks to ...**

- a) establishing an equilibrium price level,
- b) establishing an equilibrium level of the real interest rate,
- c) establishing an equilibrium between aggregate demand and aggregate supply,
- d) establishing a balance of savings and investments.

**3. (2 points). The level of monetization of the economy is determined as ...**

- a) the ratio of the total money supply to the monetary base,
- b) the ratio of the M2 unit to the M0 unit,
- c) the ratio of the monetary aggregate M2 to nominal GDP,
- d) the ratio of the monetary aggregate M2 to real GDP.

**4. (2 points). The stock channel of money issue is that ...**

- a) the central bank buys government bonds,
- b) the central bank sells its own bonds,
- c) the central bank buys foreign currency,
- d) the central bank places state foreign exchange reserves in the liabilities of foreign states.

**5. (2 points). The conversion operations of the Bank of Russia associated with attracting foreign currency deposits of commercial banks in exchange for ruble loans are called ...**

- a) currency corridor,
- b) sterilization of the money supply,
- c) currency swap,
- d) currency position.

**5. (2 points). The central bank uses the Taylor rule when it implements the policy of...**

- a) monetary targeting,
- b) targeting the interest rate,
- c) targeting the exchange rate,
- d) targeting the inflation rate.

**6. (2 points). The "wealth effect" in monetary policy states that ...**

- a) the greater the wealth, the greater the demand for money, this should be taken into account by the central bank when making the money supply,
- b) monetary policy does not affect real wealth, but only its face (nominal) value,
- c) a stimulating monetary policy contributes to an increase in the value of the monetary assets of economic entities that are part of their wealth,
- d) an increase in the money supply leads to an increase in that part of the wealth that is represented by nominal assets, this has a positive effect on the level of consumer spending in the country.

**7. (2 points). What are the advantages of the exchange rate targeting regime?**

- a) this mode is the easiest for the central bank to execute,
- b) it helps to suppress imported inflation,
- c) it makes the country's economy less vulnerable to an influx of foreign speculative capital,
- d) its implementation does not affect the state of the country's balance of payments.

**8. (2 points). The Tobin's q coefficient shows ...**

- a) the ratio of the replacement value of the firm to its market value,
- b) the ratio of the nominal value of assets to their real value,
- c) the ratio of the money supply to nominal GDP,
- d) the attractiveness of assets from the point of view of real investors.

**PC-2.** *Ability to summarise and present the results of the research concerning methodological support, maintenance and coordination of the management process in the form of a research report, article or paper*

**1. (1 point). The effective exchange rate is:**

- a) the market value of one currency, expressed in the number of units of another currency;
- b) the ratio of currencies according to their purchasing power;
- c) the rate of any currency against the US dollar or euro;
- d) average, weighted by trade turnover, exchange rate of the currencies of the trading partner countries.

**2. (2 points). Which of the following criteria for the adequacy of foreign exchange reserves was not used in the practice of managing foreign exchange reserves of the state?**

- a) 3-month import volume;
- b) covering the monetary base;
- c) 50% export coverage;
- d) current payments on external debt.

**3. (2 points). What is the “exchange rate” effect of monetary policy on economic growth?**

- a) the central bank pursues a policy of targeting the exchange rate and affects the state of the country's balance of payments;
- b) the central bank creates and maintains the official gold and foreign exchange reserves of the country and thereby ensures the stability of the national currency;
- c) by influencing the interest rate through the money, the central bank causes the movement of capital between countries, a change in the real exchange rate, terms of trade and aggregate demand on goods market;
- d) the central bank conducts foreign exchange interventions in order to control the exchange rate and the state of the country's economy as a whole.

**4. (2 points). Which of the following is a tool of an expansionary fiscal policy?**

- A) The Central Bank buys treasury bonds on the open market.
- B) The Central Bank lowers the core interest rate.
- C) The government finances social projects through concessional loans.
- D) The government increases government spending.

**5. (2 points). The automatic stabilizer (in the context of fiscal policy) is:**

- A) unemployment benefits;
- B) government procurement of goods and services;
- C) income tax;
- D) all of the above.

**6. (1 point). The structural deficit of the state budget is the difference between revenues and expenditures...**

- A) during the economic crisis;
- B) during the period of economic depression;

- C) in full employment;
- D) in conditions of cyclical unemployment.

**7. (2 points). In the Russian Federation, automatic stabilizers include:**

- A) Pension Fund of the Russian Federation.
- B) Social Insurance Fund.
- C) Federal Compulsory Medical Insurance Fund.
- C) The Stabilization Fund that operated until 2008.

**8. (2 points). Most economically developed countries in recent decades have pursued a budgetary policy based on the concept ...**

- A) annually balanced budget;
- B) cyclically balanced budget;
- C) a surplus budget;
- D) functional public finance.

**9. (2 points). What is Ricardo–Barro equivalence?**

- a) the assertion that automatic stabilizers in fiscal policy contribute to the reduction of public debt;
- b) the statement that taxation has the same effect on the economy as the issuance of public debt;
- c) the statement that an increase in government debt contributes to an increase in real spending in the economy and an increase in economic growth;
- d) the statement that an increase in government purchases of goods and services, financed by an increase in the income tax rate, causes an equivalent increase in GDP.

**10. (2 points). Which component is not included in the expanded definition of external public debt?**

- a) Debt of government bodies.
- b) The debt of the monetary authorities.
- c) The total debt of banks and non-bank corporations with state participation in capital.
- d) Part of the debt of banks and non-bank corporations in proportion to the state's participation in capital.

**5.2.3. Standard tasks for assessing the competence formation**

**PC-1.** *Ability to conduct independent research related to methodological support, maintenance and coordination of the management process*

**Task 1 (7 points). Model of W. Baumol - J. Tobin.** Let the personal income intended for the implementation of current expenses during a certain period be 5,000 units, the bank deposit interest rate is 10%, the cost per visit to the bank (cash withdrawal) is equivalent to 10. Determine the transactional demand for money in this period. Describe the best strategy for withdrawing money from bank account. Determine the transaction costs of the optimal monetary strategy.

**Task 2 (15 points). Monetary multipliers.** The monetary base of the central bank is 360 units, the amount of deposits of business entities in the banking system is 800 units, the required reserve ratio is 6%, and the excess reserve ratio is 4%. The sum of the transactional and precautionary demand for money is determined by the formula:  $L_{tr+pr} = 150 + 0,384 \cdot Y$ . The assets

demand for money is inversely related to the average bond yield:  $L_{sp} = 50 + 4000/(i + 4)$ , which is  $i = 6\%$ .

Assignment: a) find the total money supply; b) determine the level of income for the equilibrium of the money market and the corresponding coefficient of monetization of the economy; c) suppose the actual income is  $Y=1400$  units. How much should the central bank increase the monetary base to balance the money market without changing bond yields?

**PC-2.** *Ability to summarise and present the results of the research concerning methodological support, maintenance and coordination of the management process in the form of a research report, article or paper*

**Task (20 points). IS-LM Model: Equilibrium in a Closed Economy.** A closed economy is characterized by the following data: consumption function  $C = 400 + 0,6 \times (Y - T)$ , investment function  $I = 300 - 80 \times r$  ( $r$  is measured as a percentage), tax function  $T = 100 + 0,25 \times Y$ , government purchases function  $G = 500 + 0,15 \times Y$ . Money demand function  $(M/P)_d = 0,5 \times Y - 150 \times r$ , money supply  $M_s = 1600$  д.ед., general price level  $P = 2$ .

Assignment: a) find the equation of the IS curve as a dependence of the type:  $Y_{IS} = f(r)$ ; b) find the equation of the LM curve as a dependence of the type:  $Y_{LM} = f(r)$ ; c) determine the equilibrium levels of GDP and interest rate; d) find the equation of the AD curve as a dependence of the type:  $Y_{AD} = f(P)$ ; e) let the government introduce autonomous transfers in the amount of 160 units. Find the transfer multiplier and the new IS curve equation. f) Determine how the equilibrium levels of GDP and interest rate will change in the short run. Write a new equation for the AD curve. g) Calculate the crowding out effect for cases "d" - "f". h) Determine how much the central bank should change the money supply in order to completely neutralize the crowding out effect? What will be the LM and AD curves?

#### Criteria for Evaluating Tests and Practical Tasks

% completion	Mark	
95-100	«Perfect»	Pass
85-94	«Excellent»	
70-84	«Very Good»	
55-69	«Good»	
40-54	«Satisfactory»	
20-39	«Unsatisfactory»	Fail
0-19	«Poorly»	

#### 5.2.4. Topics of disputes for assessing the formation of competence

**PC-1.** *Ability to conduct independent research related to methodological support, maintenance and coordination of the management process*

1. Negative interest rate policy, its effects, advantages and disadvantages.
2. Inflation targeting, its advantages and disadvantages, and implementation in different countries.



3. Switching to a floating exchange rate: advantages and disadvantages.
4. Resource Curse and Dutch Disease in resource type countries.
5. The problem of optimizing the structure of public spending.

The topic of the dispute is given to students in advance. Students should study the theoretical literature on the analyzed problem, find discussion material on the Internet (using the recommended official sources), develop their own position.

During the dispute, students are divided into two teams and group of experts. Each of the teams prepares a presentation and argues for their own point of view. The other team asks provocative questions and offers counter-arguments. Experts evaluate the performance of each team according to different criteria (quality of presentation, persuasiveness, presentation of material, answers to questions, non-standard thinking). After the dispute, experts give points to each team and mark individual participants.

The teacher evaluates the performance of both teams and the expert group, setting points for the degree of participation from 0 to 10. Points are added to the total points for other activities.

### **5.2.5. Topics of essays for assessing the competence formation**

**PC-2.** *Ability to summarise and present the results of the research concerning methodological support, maintenance and coordination of the management process in the form of a research report, article or paper*

1. Bubble phenomena and its impact on economic performance.
2. Financial contagion as a phenomenon of globalized markets.
3. Banking crises in foreign countries and the role of central banks in overcoming them.
4. Monetary policy objectives and tools in different countries.
5. Unconventional monetary policy during and after the Great Recession of 2008-2009.
6. The role of taxes in the economic development of the country.
7. Features of tax policy in different countries.
8. Impact of taxes on public welfare and ways to optimize the tax policy of the state.
9. Ways to manage the state budget deficit: a comparative analysis.
10. The problem of external debt management in developed and developing countries.
11. Methods of managing the state budget surplus: a comparative analysis.
12. Public debt, its causes, consequences and ways to manage it.
13. Sovereign wealth funds and their impact on the resource type economies.
14. Fixed and managed exchange rate of national currency and its impact on economic performance.
15. Official international reserves and the problems of their management.
16. Coordination of foreign exchange and monetary policy of the state in countries with different exchange rate regimes.
17. State regulation of capital flows between countries: alternative approaches.

### **Evaluation criteria for disputes and essays**

Mark	% completion	General Characteristics
5,5 «Perfect»	95-100	- a full comprehensive answer is given; - deep knowledge of theoretical material is demonstrated;

5 «Excellent»	85-94	- remarkable ability to develop own arguments, make conclusions based on adequate evidence
4,5 «Very Good»	70-84	- an incomplete answer is given; - deep knowledge of theoretical material is demonstrated;
4 «Good»	55-69	- some mistakes are allowed if the student corrects mistakes by himself; - ability to develop own arguments, make conclusions based on adequate evidence with insignificant mistakes
3 «Satisfactory» (Pass)	40-54	- difficulty in presenting the answer; - incomplete theoretical justification; - difficulties in formulating conclusions.
2 «Unsatisfactory» (Fail)	20-39	- no answer or a wrong answer; - lack of theoretical knowledge.
2 «Poorly» (Fail)	0-19	

## 6. Methodological and information support for the course

### a) Main literature:

1. Malkina M.Yu. (2017). Financial and monetary methods of economic regulation: Tutorial. – Nizhni Novgorod: Lobachevsky State University of Nizhni Novgorod (UNN). 62 p. (Fund of electronic educational publications of UNN. Registration Number 1594.17.07). URL: [http://www.unn.ru/books/met\\_files/Finmon%20methods.pdf](http://www.unn.ru/books/met_files/Finmon%20methods.pdf).
2. Krugman P., Wells R. (2018). Macroeconomics. 5th ed. Worth Publishers. 656 p.
3. Mankiw N.G. (2016). Macroeconomics. The 9th Edition. Worth Publishers. 642 p.
4. Mishkin F. (2019). The Economics of Money, Banking and Financial Markets. The 12th Edition (and previous). Pearson (The Addison-Wesley series in economics). 720 p.

### b) Additional literature:

1. Abel A. B., Bernanke B. S., Croushore D. (2020). Macroeconomics. 10th ed. (Addison-Wesley series in economics). Pearson Education, Inc. 688 p.
2. Blanchard O. (2021). Macroeconomics. 8th ed. Pearson Education, Inc. 576 p.
3. Burda M., Wyplosz C. (2017). Macroeconomics – A European Text. 7th ed. Oxford University Press. 573 p.
4. Belke A., Polleit T. (2010). Monetary economics in Globalized Financial Markets. Springer-Verlag Berlin Heidelberg.
5. Friedman B. M., Hahn F. H. (1990). Handbook of Monetary Economics. Volume 2. The Netherlands: North-Holland, Elsevier B.V.
6. Friedman B., Woodford M. (2010). Handbook of Monetary Economics. Volume 3A, 3B. The Netherlands: North-Holland, Elsevier B.V. 752 p.
7. Handbook of Fiscal Policy. (2002). Ed. by J. Rabin and G.L. Stevens. Marcel Dekker, INC. NY, Basil.

8. Langdana F. K. (2009). Macroeconomic Policy. Demystifying Monetary and Fiscal Policy. Second edition. Springer+Business Media, LLC
9. Musgrave R. A., Musgrave P. B. (1989). Public Finance in Theory and Practice, fifth edition, McGraw-Hill, 1989.
10. Sachs J. D., Larrain F. B. (1993). Macroeconomics in the Global Economy, Prentice-Hall, Inc., first edition, 1993, further denoted S&L.

c) Internet Resources and Software:

Software

1. MS Windows 7 (license for Lobachevsky State University of Nizhny Novgorod, identifier 47276400),
2. Microsoft Office 2007 Professional + (license for Lobachevsky State University of Nizhny Novgorod, identifier 47729513),
3. Kaspersky Endpoint Security 10 for Windows (license for Lobachevsky State University of Nizhny Novgorod, №1096-160712-081443-850-73)

Internet resources

Name	Official site
International Monetary Fund	<a href="https://www.imf.org/en/home">https://www.imf.org/en/home</a>
Central Bank of Russian Federation	<a href="http://www.cbr.ru/eng/">http://www.cbr.ru/eng/</a>
European Bank for Reconstruction and Development	<a href="https://www.ebrd.com/home">https://www.ebrd.com/home</a>
European Central Bank	<a href="https://www.ecb.europa.eu/home/html/index.en.html">https://www.ecb.europa.eu/home/html/index.en.html</a>
Federal State Statistics Service of Russian Federation	<a href="https://eng.rosstat.gov.ru/">https://eng.rosstat.gov.ru/</a>
Organization for Economic Co-operation and Development (OECD)	<a href="http://www.oecd.org/">http://www.oecd.org/</a>
Statistical Agency of the European Union Eurostat	<a href="https://ec.europa.eu/eurostat">https://ec.europa.eu/eurostat</a>
The World Bank	<a href="https://www.worldbank.org/en/home">https://www.worldbank.org/en/home</a>
United Nations Organization (UN)	<a href="https://www.un.org/en">https://www.un.org/en</a>
World Trade Organization (WTO)	<a href="http://www.wto.org/">http://www.wto.org/</a>

## 7. Logistical support for the course

Special classrooms are used for conducting lectures and seminars, group and individual consultations, ongoing monitoring and intermediate certification, as well as for students' independent work. These rooms are equipped with specialized furniture and technical teaching aids for presenting educational information to a large audience: personal computer, LCD monitor and / or projection screen, projector, whiteboard. The minimum software must be installed on the computer: MS Windows, Microsoft Office, Kaspersky Endpoint Security, Consultant Plus.

For lecture-type classes, sets of demonstration equipment and educational visual aids are offered to provide thematic illustrations that correspond to the program of a given subject.

Premises for students' independent work are equipped with computers that provide

connection to the Internet and access to Lobachevsky University's electronic information and educational environment.

The program was compiled in accordance with the requirements of the UNN's own educational standard and the Educational Program in the field of 38.04.02 "Management", the profile is "Management of Business and Finance".

Author: Doctor of Economics, Professor,  
Prof. Department of Economic Theory and Methodology \_\_\_\_\_ M.Yu. Malkina

Reviewer: Doctor of Economics, Associate Professor,  
Head. Department of World Economy and Customs \_\_\_\_\_ M.L. Gorbunova

Head of the Department of Economic Theory and Methodology  
Doctor of Economics, Professor \_\_\_\_\_ A.V. Zolotov

The program was approved at a meeting of the Methodological Commission of the Institute of Economics and Entrepreneurship

14.11.2022, Protocol No. 6.