

## **ELTE TÁTK BA in Applied Economics (ELTECON-BA)**

### **Undergraduate Thesis Requirements and Information on the Final Closing Exam**

#### **Requirements as regards *the content* of the thesis**

The goal of the thesis is for the student to prove by it that he or she is, with respect to a research question related to Economics, able to work with scientific literature and review it, and independently express and organize his or her thoughts.

The introduction of the thesis should include a thematic area whose literature the student reviews and/or (an) appropriate concrete research question(s) the student strives to answer. In the exposition, logical trains of thoughts and well defined and appropriately used technical terms are required. The final/summary section should contain the student's conclusions re the starting research question(s). Original data analysis by the student is not required, but, if the thematic area and data availability allow for it, it is encouraged.

#### **Requirements as regards *the form* of the thesis**

- At the beginning of the thesis, there should feature a table of contents
- Sections (chapters, subchapters, etc.) of the thesis should be identified by unambiguous numbering
- Referencing should be uniform, in line with one of discipline-specific guidelines
- Appendices and attachments should be attached at the end of the thesis. Tables can be included in the main text. All of these could be clearly numbered and referenced.
- Referenced literature should be included in the alphabetic order of the last names of the authors in full bibliographic detail at the end of the thesis.
- Margins should be 250 millimeter wide.
- Line spacing should be 1.5.
- Font used should be Calibri 12.
- Pages should be numbered at the bottom.

The length of the thesis (without the title page, table of contents, references and appendices) should be between 30 and 40 pages.

The title page of the thesis should look like this:

Eötvös Loránd University  
**Faculty of Social Sciences**  
**BACHELOR OF ART PROGRAM**

Title of the thesis

Supervisor:

Name of the thesis supervisor

Author:

Name of the student

Neptun code

Applied Economics

April 2021

### **Information about the final closing exam**

The exam is composed by two parts: 1) an over all exam covering the course material of your core courses in economics (Microeconomics, Macroeconomics, International economics, Econometrics, History of Economic Thought), 2) defense of the thesis.

### **Diploma Grade**

The diploma grade is calculated as the simple arithmetic average of the a) credit weighted average of the 'topics in economics' elective courses, b) the grade of the over all exam, c) the grade of the thesis.

## Questions for the Final (State) Exam

### ELTE Applied Economics BA program

1. *Simple and multiple regression.* Definition, assumptions, economic interpretation, estimation, inference, examples.
2. *Multiple regression: further topics.* Functional forms with economic examples, prediction, heteroscedasticity.
3. *Dummy variables.* Dummy variables as explanatory variables: interpretation, interaction with dummy and with continuous variables, examples. Dummy variable as dependent variable: the linear probability model.
4. *Time series.* Stationary and non-stationary time series, trend and seasonality. Autoregressive models. Regression with time series. Examples.
5. *Consumer's utility maximization problem and the uncompensated demand.* Economic circumstances, tastes, optimization and the effect of the exogenous variables. Supply of labor and capital.
6. *Consumer's expenditure minimization problem and the compensated demand.* Price effect decomposition, categorization of goods, duality in consumption.
7. *Producer's decision problem, supply of goods and demand for production factors.* Technology, profit maximization, cost minimization, unconditional and conditional demand for labor and capital, supply, profit, costs and the effect of exogenous variables.
8. *Partial equilibrium and welfare analysis.* Aggregated demand and supply, representative consumer, consumer and producer surplus, welfare theorems and the effect of policy interventions.
9. *General equilibrium and welfare analysis.* Pure exchange and production models. Social planner's problem, competitive equilibrium and bargaining. Walras-law and the Welfare theorems.
10. *Decision under uncertainty.* Lotteries, utility representation under risk and the insurance market.

11. *Externalities*. Definition and categorization of externalities, policy oriented and market based solutions. Property rights, Coase-theorem and organized markets.
12. Asymmetric information. Problem of hidden information. Adverse selection, moral hazard, signaling, screening and regulation.
13. *Monopoly*. Pure monopolistic decision problem, price discrimination, monopolistic behavior, natural monopolies, regulation and competition policy.
14. *Oligopoly and monopolistic competition*. Strategic interaction in market mechanism. Quantity and price competition with homogenous and differentiated products. Simultaneous and sequential decisions. Game theoretical background and equilibrium concepts.
15. *Public goods*. Excludability and parallel consumption, free rider problem, the role of government and civil society, centralized allocation, Lindahl-pricing, taxation and the basics of mechanism design.
16. *Political and normative aspects of microeconomic analysis*. The social choice problem, Arrow's impossibility theorem and the Median voter theorem. Social welfare functions, utility possibility frontier, centralized redistribution, the first and the second best solution.
17. *Define the most important macroeconomic indicators* we use to describe the performance of the economic system. What is the difference between nominal and real values in the measurement.
18. *What is economic growth?* What are the most important characteristics of the growth process? Use the Solow growth model to illustrate them.
19. *What is money?* How money is related to the price level and inflation in the macroeconomic system? What is the difference between the short run and the long run in the role of money?
20. *How does the central bank conduct monetary policy?* Use a macroeconomic model of your choice to illustrate how monetary policy influences economic activity.
21. *How does the government conduct fiscal policy?* Use a macroeconomic model of your choice to illustrate how fiscal policy influences economic activity.

22. *What is the AS-AD model? How can it be used to describe short run economic fluctuations?*
23. *Define the exchange rate - nominal and real – of a currency. Use a model of your choice to illustrate how the exchange rate is determined in a flexible exchange rate system.*
24. *Define the concept of the International Balance of Payments. Illustrate how fiscal and monetary policies influence the Balance of Payments.*
25. *Classical Political Economy from the perspective of history of economic ideas. Antecedents, methodology, basic concepts, protagonists, theory of value, income distribution, price theory, theory of money, debates and policy suggestions.*
26. *Neoclassical Economics from the perspective of history of economic ideas. Predecessors and the marginalist revolution. Different explanations, methodology, theory of price and value. The Austrian, the Lausanne- and the Cambridge school of neoclassical economics.*
27. *The Keynesian turn in economics. Keynes as a man and as an economist. Methodology, basic concepts, consumption, investment, theory of money. Policy suggestions. Reconstructions of the Keynesian system.*
28. *Mathematization of Economics and the history of General equilibrium theory. Swedish and US developments, Vienna Colloquium, LSE, Russian School, Cowles Commission, Econometrics and the Arrow-Debreu model. Main developments in microeconomics in the second half of the 20th century.*
29. *Monetarism, New-classical School and Real Business Cycle theory. Reformulation of the quantity theory of money, Friedman's system and the monetarist movement, Lucas and the rational expectations. Macroeconomics at the turn of the 21st century.*