

Dear readers!

We are proud to bring you this new issue of the Electronic Journal of the Faculty of Economics of Lomonosov Moscow State University.

This issue contains articles that discuss theoretical aspects of economic science, challenges of competition and industrial policy, cyclical and non-cyclical relationships of industry markets, human behavior patterns and forecasts in the field of financial markets and the economy as a whole in 2020.

The article “Choice between Rent and Mortgage: Evaluating the Net Present Value of Home Ownership” discusses the problem of choice between the ownership of residential real estate and its rental as a solution to the investment problem. A model was used to solve this problem. Following key parameters were determined for the model: the expected rate of growth in housing and rental prices, interest on a mortgage loan, the planned period of real estate ownership. The proposed model showed that for average Moscow or Russia’s housing with a sufficient period of ownership, buying is generally more profitable in the current macroeconomic conditions. However, if the forecast for the dynamics of changes in housing prices worsens, when the nominal price increase is 5-8% lower than the discount rate, the answer may change in favor of renting. The results of this study can be used both by households, which usually poorly incorporate the financial side of the decision in question, and by people using macroeconomic policy to predict the dynamics of the mortgage market.

The article “Tariff Setting within Airlines Competitive Strategies” describes the organization of the passenger airline industry, both at the level of carriers and at the level of airports. It allows distinguishing groups of airline business models, used for the risks analysis of worsening competitive conditions in the air transportation market. The article also presents a comparative analysis of the airport tariffs of the Russian Federation while taking into account the capabilities of airports to stimulate competition between airlines. Authors define the main challenges faced by the passenger air transportation sector of the Russian Federation in the competitive market.

The author of the article “Existence of Cyclical and Non-Cyclic Interactions between Markets” offers a theoretical model that demonstrates the existence of cyclic and non-cyclic interactions between markets. The model is built by using graph theory tools, and is based on the hypothesis of rational behavior of players - market participants. The article addresses the fundamental question of economic theory: can a firm simultaneously dominate in different markets having cyclical or non-cyclic technological connection. The interaction of software and OS (operating systems) markets is as example of a cyclical connection.

“Short-sighted Greed? Focusing on the Future Promotes Reputation-based Generosity” is a translation of an article prepared by a foreign author, a well-known specialist in the field of behavioral economics. The work highlights two distinctive features of human nature - long-term thinking and the voluntary distribution of resources. Given these characteristics, three experiments

Opening remarks

were conducted and it was concluded that focusing on the future can make people more generous. The basis of such behavior is concern for reputation, as a social consequence of a certain choice.

The work «Review of the 143rd Meeting of the Dispute Club “Economic Policy Knots” of the Association of Russian Economic Think Tanks on the Topic “What the Coming Year Prepares for Us: Economy and Markets”» acquaints the reader with the results of the discussion on the development of the economy and markets in 2020. Participants of the dispute came to the conclusion that the world economy has not fully recovered from the crisis of 2008-2009, it has accumulated a large number of problems, including trade wars, the preservation of many unresolved political and economic contradictions, various conflicts in developing countries. The situation on world stock markets carries the possibility of imminent and impressive shocks that will greatly affect the Russian economy. With the adoption of far from optimal measures of socio-economic policy in Russia, the situation looks even gloomier. Unfortunately, the only fully satisfactory solution to the accumulated problems does not yet exist both for Russia and the world economy as a whole, and the development of a way to eliminate them, according to the participants in the debate, deserves the Nobel Prize.

We are looking forward to your feedback on the articles published in this issue and welcome possible future cooperation.

Editor-in-Chief
The President of the Faculty of Economics
Lomonosov Moscow State University
Professor Vasily P. Kolesov

Deputy Chief Editor
Head of the Department of
Philosophy and Methodology of Economics of the
Faculty of Economics of
Lomonosov Moscow State University
Professor Leonid A. Tutov