**Revisiting some of your Macro content**

**4.2.1**

What is the difference between policy objectives and policy instruments?

What has been the focus on policy objectives in recent years?

What policy conflicts can arise?

What tradeoffs can occur?

What national income statistics are used to measure economic growth? Which is the best measure? Why? What are the limitations of the use of national income statistics?

What is PPP?

**4.2.2**

What is national income and what does it measure?

What is the circular flow of income?

What are lag and lead indicators?

What is the difference between nominal national income and real national income?

What factors shift AD, SRAS, LRAS?

What is the difference between underlying economic growth and actual economic growth (use a diagram to illustrate)

What is meant by the term macroeconomic equilibrium (use a diagram to illustrate)

Provide one example of a demand side and a supply side shock (use a diagram) and explain the impact on the economy.

What determines the rate of savings? What do you think has happened to the savings rate in recent years? Why?

What determines investment?

What is the accelerator?

What is the multiplier? What is the link to national income?

What determines the magnitude of the multiplier?

What are the determinants of SRAS and LRAS?

What is the Keynesian AS curve used to show?

**4.2.3**

Distinguish between short and long run economic growth

Outline the costs and benefits of economic growth.

What is the economic cycle and what causes changes in it?

What is unemployment? How is it measured? (include a diagram for classical/real wage unemployment)

What is the natural rate of unemployment?

What are the consequences of unemployment?

What are inflation, deflation and disinflation?

What are the causes of inflation? (include in your explanation reference to the quantity theory of money)

What are the consequences of inflation?

What are the short and long run Phillips curve?

**4.2.4**

What is money?

What is the difference between broad and narrow money?

Distinguish between the money, capital and foreign exchange markets.

What do the terms debt, equity and liquidity refer to?

What is the relationship between market interest rates and bond prices?

What is the difference between a commercial and an investment bank?

What would you expect to see on a commercial banks balance sheet?

How do banks create credit?

What does a central bank do?

Explain the main monetary policy instruments.

What is the link between monetary policy and the exchange rate?

Who is responsible for regulation of the financial system?

What are liquidity and capital ratios?

What is moral hazard?

What is systemic risk?

**4.2.5**

What is fiscal policy?

What are the macro and microeconomic functions of fiscal policy?

What are the principles of taxation?

What is crowding out? Crowding in?

What is meant by the term Keynesian fiscal policy?

What are the different types of tax that are levied?

What is the link between the budget balance and the national debt?

What is the difference between a cyclical and a structural budget deficit?

What are the consequences of running a budget deficit/surplus for a country’s macroeconomic performance?

What are automatic stabilisers and what role to do they play?

Which public body provides independent economic forecasts and analysis of the public finances?

Distinguish between nominal national debt and real national debt.

What is the difference between a supply side policy and a supply side improvement?

Name two ways in which supply side policies can try to make markets more efficient and competitive?

What is the link between supply side policies and unemployment? (use a Phillips curve to illustrate)

Provide some examples of free market supply side policies.

Provide some examples of interventionist supply side policies.

**4.2.6**

What is globalisation?

What are the main characteristics of globalisation?

What are the consequences of globalisation for developed economies/less developed countries?

What is the role of the WTO?

What is meant by the term deindustrialisation?

What are NICs?

What are MNCs and what has their role been in globalisation?

What is Human capital?

Explain (with a numerical example) of comparative and absolute advantage.

What does the model of comparative advantage underpin?

What are the limitations of the model of comparative advantage?

What are the benefits and costs of international trade?

How has the pattern of trade between the UK and the rest of the world changed?

What are protectionist policies and why are they used? (incorporate a diagram into your explanation)

What are the consequences of the use of protectionist policies?

What is a customs union?

What are trade diversion and trade creation?

What is a single market?

What have been the consequences of the UKs membership of the EU?

What is the likely impact of Brexit?

What does FDI involve?

What are the components of the Balance of Payments?

What factors influence whether a country runs a surplus or deficit on its current account?

What are hot money flows?

What is portfolio investment?

What three Ds could be used as policies to reduce a current account deficit?

What other policy could be used to reduce a current account deficit and why might this be a better option?

Is a current account surplus/deficit a good/bad for an economy?

How could a persistent current account surplus be tackled?

What conflict might arise in trying to achieve a satisfactory balance of payments on current account? Think here about domestic policy objectives.

How do freely floating and fixed exchange rate systems work? In explaining this also include reference to advantages and disadvantages.

What are the implications for a country in joining a currency union?

What is the difference between economic growth and economic development?

What characteristics do less developed economies have?

How can we measure economic development?

What influences economic growth and development?

What factors can inhibit economic growth and development?

What policies might be used to promote economic growth and development (include the advantages and disadvantages of their use)