

Topic									Mr Oldfield
1.1.-1.3 Introduction to economics	<p>Macro:  <a href="https://www.theguardian.com/business/2020/sep/22/uk-recession-expected-continue-until-spring-covid-19-surge">https://www.theguardian.com/business/2020/sep/22/uk-recession-expected-continue-until-spring-covid-19-surge</a></p> <p>How  <a href="#">companies are embracing the circular economy</a></p> <p><a href="#">Countries &amp; the Circular Economy</a></p> <p><a href="#">The Netherlands' Circular Economy</a></p> <p><a href="#">Sweden's Circular Economy</a></p>			<a href="https://www.bbc.com/news/56042270">https://www.bbc.com/news/56042270</a>			<a href="https://theprint.in/opinion/a-circular-economy-isnt-just-planet-friendly-its-a-trillion-dollar-market-opportunity/604408/">https://theprint.in/opinion/a-circular-economy-isnt-just-planet-friendly-its-a-trillion-dollar-market-opportunity/604408/</a> Innovating products  <a href="https://tutorstips.com/production-possibility-curve-explanation-with-example/">https://tutorstips.com/production-possibility-curve-explanation-with-example/</a>  More in depth explanation		<p><a href="#">Circular economy- Indonesia making recycled batteries for EVs</a></p> <p>Example using PPC of how choices have to be made in a society</p> <p>China 1980 - 2014. Decided to sacrifice the production of consumer goods for the production of capital goods.</p>

2.1-2.4 Competitive Markets	<p><u>Oil hits pandemic high as winter storm pushes demand and poses production risk</u></p> <p><u>Malaysia's durian industry stung by low prices as coronavirus outbreak affects demand from China</u></p> <p><u>US oil and natural gas prices rise as freezing temperatures leave millions without power in Texas</u></p>			<p><a href="https://www.cnn.com/2020/04/08/rice-prices-surge-to-7-year-high-as-coronavirus-sparks-stockpiling.html">https://www.cnn.com/2020/04/08/rice-prices-surge-to-7-year-high-as-coronavirus-sparks-stockpiling.html</a></p> <p><a href="https://in.reuters.com/article/uk-asia-cocoa-substitute/as-cocoa-price-soars-chocolate-makers-devour-substitutes-idUKKBN0H00CB20140905">https://in.reuters.com/article/uk-asia-cocoa-substitute/as-cocoa-price-soars-chocolate-makers-devour-substitutes-idUKKBN0H00CB20140905</a></p>	<p>Change of Consumer Tastes (COVID) lead to Decrease in Demand for Black Friday</p> <p><a href="https://www.cnn.com/2020/10/02/black-friday-is-over-here-willy-retailers-are-touting-weeks-of-deals.html">https://www.cnn.com/2020/10/02/black-friday-is-over-here-willy-retailers-are-touting-weeks-of-deals.html</a></p>		<p><b>Information</b></p> <p><a href="https://courses.lumenlearning.com/boundless-economics/chapter/perfect-competition/">https://courses.lumenlearning.com/boundless-economics/chapter/perfect-competition/</a></p> <p><b>Examples</b></p> <p><a href="https://businesszeal.com/perfect-competition-examples">https://businesszeal.com/perfect-competition-examples</a></p>	<p><a href="https://blogs.worldbank.org/open-data/agricultural-raw-materials-prices-weak-en-amid-covid-19">https://blogs.worldbank.org/open-data/agricultural-raw-materials-prices-weak-en-amid-covid-19</a></p>	<p>Highly competitive markets-commodity markets like oil, gas, coffee, durian.</p> <p><b><u>Do not use non-competitive markets.</u></b></p> <p>Oil price increase due to Russian invasion of Ukraine.</p>

2.5 Market efficiency							<a href="https://www.marketing91.com/economic-efficiency/">https://www.marketing91.com/economic-efficiency/</a>		
2.6 Behavioural Economics	<u>“Opt-out” organ donations;</u> <u>“Fly” in urinal of schiphol airport;</u> <u>“Save More Tomorrow” program;</u> Placement of products to encourage healthy eating; Calorie count of unhealthy food		When non-payers of vehicle taxes received personalised messages rather than warning letters, the number of payers doubled ; when the message	<a href="https://theconversation.com/nudging-the-city-and-residents-of-cape-town-to-save-water-92192">https://theconversation.com/nudging-the-city-and-residents-of-cape-town-to-save-water-92192</a> <a href="https://theconversation.com/seven-weeks-restaurants-can-nudge-people-to-eat-more-healthily-119315">https://theconversation.com/seven-weeks-restaurants-can-nudge-people-to-eat-more-healthily-119315</a>	Case Study of Use of Behavioural Economics in Supermarkets <a href="https://indigeyou.com/en/do-supermarkets-really-nudge-us-to-eat-unhealthily/">https://indigeyou.com/en/do-supermarkets-really-nudge-us-to-eat-unhealthily/</a>				

			e include d a photo of the car in questio n, the number of payers tripled.						
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3.1 PED	<u>Fall in price of oil due to overproduction, but no proportional rise in demand</u>						PED Inelastic		<p>PED: EPI pens price surge in 2016- tiny fall in demand. Generic rivals in 2018 will make more elastic</p> <p>International education in Saigon. No real substitute and a necessity if you want to get into a good foreign university. Therefore prices charged are very high compared with other cities</p>
3.2 YED							YED Inferior		YED:

							<p>goods YED normal goods</p> <p>Luxury foods:</p>		<p>Holidays are luxuries. Food low YED. Inferior goods- mcdonald's coffee in global recession</p>
3.3 PES							<p>Price inelastic supply</p>		<p>Farm products are very inelastic. Also housing, particularly where land is scarce. Housing in Dublin, Ireland in 2017. Lack of new developments over the last 10 years has caused housing to have a highly inelastic PES. This has resulted in large increases in prices as demand for housing has increased in</p>

									recent years. Music concerts PES perfectly inelastic in SR
4.1 4.2 Price controls	<p>Indonesia's price ceiling on rice:  <a href="https://www.nationthailand.com/aec/30324935">https://www.nationthailand.com/aec/30324935</a></p> <p>COVID test price ceiling:  <a href="https://www.thejakartapost.com/news/2020/09/09/indonesia-to-set-price-ceiling-for-covid-19-swab-tests.html">https://www.thejakartapost.com/news/2020/09/09/indonesia-to-set-price-ceiling-for-covid-19-swab-tests.html</a></p> <p>Price ceiling on stents in India:  <a href="https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/">https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/</a></p>			<p><a href="https://www.worldoil.com/news/2016/01/13/china-sets-oil-price-floor-at-40-to-protect-domestic-supply">https://www.worldoil.com/news/2016/01/13/china-sets-oil-price-floor-at-40-to-protect-domestic-supply</a></p> <p><a href="https://www.thejakartapost.com/news/2019/05/14/government-to-lower-price-ceilings-for-domestic-airfares.html">https://www.thejakartapost.com/news/2019/05/14/government-to-lower-price-ceilings-for-domestic-airfares.html</a></p>	<p>Price Ceiling for Covid-19 Vaccine in Malaysia  <a href="https://www.theedgemarkets.com/article/ceiling-price-covid19-vaccine-set-us21-under-covax">https://www.theedgemarkets.com/article/ceiling-price-covid19-vaccine-set-us21-under-covax</a></p> <p>Joe Biden planning to raise minimum wage from \$7.5 to \$15 to decrease poverty from Covid  <a href="https://www.washingtonpost.com">https://www.washingtonpost.com</a></p>		<p>Price ceilings</p> <p>Price Floors</p>		<p>Rent controls in NYC (a set maximum on what you can pay for rent), yet people get around it by charging extra for stuff like keys.</p> <p>Price floors Minimum wage in any country. The EU has a Common Agriculture Policy that imposes price floors on produce. Minimum price above equilibrium</p>

	<a href="#">at-last-india-caps-prices-of-stents/articleshow/53307960.cms</a>  <a href="#">Indonesia's price floor on soybeans (2013):</a>  <a href="#">Minimum support price for agricultural crops in India</a>				<a href="#">m/us-policy/2021/02/16/covid-relief-biden/</a>				(Price Floor) Scotland min price for alcohol 2017  Indo Govtn placed max prices on Covid tests.
4.3 Indirect taxes	<a href="#">VAT tax for cigarettes raised to 9.1% in Indonesia (2017)</a>  <a href="#">E-cigarette tax in Vermont (2019)</a>			<a href="https://www.bbc.com/news/business-54277285#:~:text=Rishi%20Sunak%20said%20that%20the,2021%2C%20rather%20than%2013%20January.&amp;">https://www.bbc.com/news/business-54277285#:~:text=Rishi%20Sunak%20said%20that%20the,2021%2C%20rather%20than%2013%20January.&amp;</a>			Indirect taxes on alcohol and cigs  Carbon tax on producers		Cigs alcohol but be specific- use examples from actual countries



				<a href="#">text=The%20temporary%20VAT%20cut%20first.to%20shore%20up%20the%20finances.</a>					
4.4 Subsidies	<p>Indonesia's wage subsidies:  <a href="https://www.thejakartapost.com/news/2020/10/08/wage-subsidy-program-may-fall-short-of-target-due-to-data-issues.html">https://www.thejakartapost.com/news/2020/10/08/wage-subsidy-program-may-fall-short-of-target-due-to-data-issues.html</a></p> <p>UK's eat out to help out program:  <a href="https://www.nytimes.com/2020/08/25/business/britain-restaurants-eat-out-to-help-out.html">https://www.nytimes.com/2020/08/25/business/britain-restaurants-eat-out-to-help-out.html</a></p> <p>Soybean</p>			<p><a href="https://www.ft.com/content/1d2c1450-63ad-11ea-b3f3-fe4680ea68b5">https://www.ft.com/content/1d2c1450-63ad-11ea-b3f3-fe4680ea68b5</a></p> <p><a href="https://www.bbc.com/news/business-55226200">https://www.bbc.com/news/business-55226200</a></p> <p><a href="https://www.bbc.com/news/uk-northern-ireland-54385927">https://www.bbc.com/news/uk-northern-ireland-54385927</a></p> <p><a href="https://www.bbc.com/news/world-middle-east-55224884">https://www.bbc.com/news/world-middle-east-55224884</a></p>	<p>Germany Green Fund Receiving 5.6 bn euros from fed. Govt in the form of subsidies  <a href="https://www.montelnews.com/en/story/germanys-green-energy-fund-turns-positive-due-to-subsidy/1193807">https://www.montelnews.com/en/story/germanys-green-energy-fund-turns-positive-due-to-subsidy/1193807</a></p> <p><a href="https://www.bloombergn.com/news/articles/2020-06-">https://www.bloombergn.com/news/articles/2020-06-</a></p>		<p>Electric car subsidies in the UK and Canada</p> <p>Subsidies on healthcare</p> <p><a href="https://www.thebalance.com/government-subsidies-definition-farm-oil-export-etc-3305788">https://www.thebalance.com/government-subsidies-definition-farm-oil-export-etc-3305788</a></p>		<p>US subsidy on corn and cotton.</p> <p>Electric vehicles</p> <p>Remember vaccines were not subsidised but directly provided at zero price to consumers (consumers consume up to point where D curve intercepts X axis)</p>

	<p>subsidy in China:  <a href="http://www.chinadaily.com.cn/a/201907/24/WS5d37aa7ca310d83056400a34.html">http://www.chinadaily.com.cn/a/201907/24/WS5d37aa7ca310d83056400a34.html</a></p> <p><u>Common Agricultural Policy</u></p>				<p><u>05/germany-s-recovery-fund-gets-green-hue-with-its-focus-on-climate</u></p>				
5.1 Common Pool resources	<p>Government Regulation Quotas on <u>lobster fishing in Sweden</u></p> <p>Collective Self Governance <u>Chignik Salmon Cooperation</u></p> <p><u>Spanish fishing fleets in the Celtic Sea</u></p>				<p>Burning of the Amazon Forest for Cattle Farming  <a href="https://www.nationalgeographic.com/culture/2019/08/amazon-burns-cattle-ranchers-blamed-complicated-relationship/#:~:text=Cattle%20ranchin">https://www.nationalgeographic.com/culture/2019/08/amazon-burns-cattle-ranchers-blamed-complicated-relationship/#:~:text=Cattle%20ranchin</a></p>				<p>Water aquifer in Jakarta-fastest sinking in the world.</p> <p>Use of property rights to protect common access resources from overuse and therefore increase sustainability.  KyeongJu - whole city is protected by the Korean govt as it is a natural heritage site  UNESCO does</p>

					g%20in%20the%20Amazon,a%20result%20of%20this%20practice.				<p>something similar</p> <p>Marine reserves to stop over fishing</p> <p>Licence needed to cut down trees in the Amazon rainforest</p>
Neg ext of consumption	<u>Passive smoking</u>			<a href="https://www.bbc.com/news/health-45212448">https://www.bbc.com/news/health-45212448</a>	<p>Passive Smoking causing a negative externality on children</p> <p><a href="https://www.bbc.com/news/health-45212448">https://www.bbc.com/news/health-45212448</a></p>		Consumption of fatty foods -> result in obesity and dietary health costs		Alcohol and tobacco try and remember specifics about costs
Neg ext of production				<a href="https://www.bbc.com/news/science-environment-55939344">https://www.bbc.com/news/science-environment-55939344</a>			Pollution from producing -> manufacturing in china		<p>Pollution from oil and oil spills</p> <p>Australia has a cap and trade scheme on greenhouse gas emissions which started in 2016</p>

Positive externality of consumption	<u>Vaccines (Herd-immunity)</u>  <u>Wearing Masks</u> (masks also have a clear external benefit: it helps lower the risk that others may catch a disease from the one wearing the mask.)						<a href="https://www.youtube.com/watch?v=Y47t9qLc9l4&amp;ab_channel=minutephysics">https://www.youtube.com/watch?v=Y47t9qLc9l4&amp;ab_channel=minutephysics</a> masks	Masks and vaccines! (v up to date) Legislation to increase demand . Max pricing in many countries on testing to increase Q The Affordable Healthcare Act (Obamacare) provides subsidies to certain low-income groups in order to increase the Americans' access to healthcare.  In most of Europe Healthcare and education are directly provided by
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									the Gov at zero price to consumers. What are adv and disadv of this?
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Government intervention for externalities	<p><u>Free and mandatory education in Indonesia for 9 years (until end of “junior high”)</u></p> <p>Minimum drinking age in Indonesia is 21</p> <p><u>Minimum age to buy cigarettes is 21 in Indonesia</u></p> <p><u>Banning the sale of alcohol in convenience stores in Indonesia</u></p> <p><u>San Francisco bans sale of e-ciggs</u></p> <p>Carbon tax:</p> <p>Trading</p>			<p><a href="https://www.bbc.com/news/world-latin-america-55866715">https://www.bbc.com/news/world-latin-america-55866715</a></p> <p><a href="https://www.thespiritsbusiness.com/2015/07/indonesia-slaps-150-import-tax-on-spirits/">https://www.thespiritsbusiness.com/2015/07/indonesia-slaps-150-import-tax-on-spirits/</a></p> <p><a href="https://www.thejakartapost.com/academia/2020/12/13/cigarette-excise-tax-employment-and-industry-income.html#:~:text=The%20government%20has%20decided%20to,well%20as%20illegal%20cigarette%20production.">https://www.thejakartapost.com/academia/2020/12/13/cigarette-excise-tax-employment-and-industry-income.html#:~:text=The%20government%20has%20decided%20to,well%20as%20illegal%20cigarette%20production.</a></p>		<p><a href="https://en.wikipedia.org/wiki/Education_in_Singapore">https://en.wikipedia.org/wiki/Education_in_Singapore</a></p>	<p>Legislation and merit and demerit goods: UK law that all students remain in school until 16</p> <p>Ban on cigs in pubs in UK</p> <p>Advertising Ban on cigs in UK</p> <p>Tangerang bans sale of alcohol (parallel markets) Is this allocative efficient?</p>
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	systems:								
Public Goods	<b><u>Garuda Sea Wall</u></b>								Jakarta Sea wall
Assymetric information	Used cars <u>The 1975 Magnuson-Moss Warranty Act</u> (also known as the Lemon Law) regulates warranties on vehicles								Financial Markets and misselling
Market failure-market power-perfect competition (HL)									Coffee and durian Foreign exchange markets .
Monopolies	<u>Indonesia's Electricity Provider (PLN)</u>			<a href="https://www.bbc.co.uk/programmes/m000qmpz">https://www.bbc.co.uk/programmes/m000qmpz</a>					Electricity supplies Train services Natural monopolies - benefits when

									under state control EVN - natural monopoly that provides electricity for Vietnam. Explain why one firm is desirable.....(see notes)
Oligopolies	<a href="https://www.washingtonpost.com/business/economy/the-empire-arise-disney-and-universal-dominate-us-box-office/2015/11/02/4fb4a982-7ce4-11e5-baba-927fd8634498_story.html">https://www.washingtonpost.com/business/economy/the-empire-arise-disney-and-universal-dominate-us-box-office/2015/11/02/4fb4a982-7ce4-11e5-baba-927fd8634498_story.html</a>  <a href="https://www.bbc.com/news/business-53252750">https://www.bbc.com/news/business-53252750</a>							<a href="https://www.richmedia.com/richideas/articles/android-and-samsung-continue-to-dominate-global-smartphone-market">https://www.richmedia.com/richideas/articles/android-and-samsung-continue-to-dominate-global-smartphone-market</a>	Non-collusive oligopolies: Long-haul airline business (frequent flyer membership being an example of non price competition). Short-haul has become more like monopolistic, with growth of price competition with entry of low cost



									airlines Pharmaceutical industry was fined for price fixing vitamin tablets
Monopolistic competition									Coffee shops and noodle stalls (not fast food- more like Oligopoly)
Advantages of large firms	<u>Apple's economies of scale</u>  <u>Amazon's economies of scale</u>  <u>Tesla's economies of scale</u>								
Disadvantages of large dominant firms									Facebook?
Government intervention with									Monopolies: Regulation to stop mergers-



Real world example of a fall in investment's impact on the circular flow									The falling price of housing in 2008 discourage the investment of contrustion of housing in the US. The decline of construction of new homes have led to lower economic growth.
Real world example of a rise in investment's impact on the circular flow									In Ireland in 2017 there was increased investment by building firms in new projects - particularly new homes. This led to increased employment and an increase in the circular flow - economic growth.
Real world example of a rise in saving's impact on the circular flow									Americans cut spending and increased their personal savings for a 6 month period to December 2009

									as they worried about losing their jobs and earning less due to a deteriorating economy. As a result withdrawals from the circular flowthrough increased and this translated into fewer sales and lower revenue for struggling businesses and therefore increased unemployment.
Spending on R&D by government for growth									Chinese government has invested over 30 billion dollars into the clean energy industry in order to promote the research and development of more commercially viable form of

									alternative energy. This is a part of their initiative to increase the percentage of renewable energy used in the China to 30% of total engery usage by 2020.
Spending on R&D by firms									In 2015, Volkswagon spent 15bn on research and development mainly on designing new eco friendly cars. This was more than any other firm.
Spending on infrastructure for growth	Vietnam, construction of HCMC Metro line \$1 - 1.1billion, reduce time for commuting	Taiwan spending 1 billion taiwan new dollar in expanding the railway to taoyuan airport							The Chinese government has spent 8.5% of its GDP on infrastructure during 2016-2017 as part of its belt and road project to connect China and europe over

									land.
Investment in natural capital for growth	Vietnam, restore and protect mangrove forests, use resources more efficiently, energy and water security	Investing in protection for mekong delta							Palm and the world development in Dubai where islands have been created to provide residential areas to allow the city to grow.
Rise in net exports for growth	Vietnam - first half of 2014 13.6% increase in export revenue. Export led growth strategy.	Export in coffee increase and rice in Vietnam lead to increase in net exports							Singapore increase its current account surplus to 20% in 2016. This is an injection into its circular flow that facilitates export led economic growth.
Unemployment creates social problems	Spain, unemployment rate of 26% by 2013 mainly structural : suicides rate increase, youth leave the country	Unemployment in district 4 in Saigon lead to an increase in rate of pickpocketing during holidays							In London and throughout England, young unemployed people rioted and looted shops. It was started by a police incident but it was the unemployed who

	because they are unemployed even when they have university degrees (emigration)								were poor and dispossessed who rioted in the main.
Unemployment creates economic problems	Greece: Increase in $U_e$ leads to higher $U_e$ benefits payments (G up) and lower income tax revenue (T down). This increased Greece's budget deficit.	Venezuela							In the UK in 2010 increasing unemployment lead to decreased consumption which lead to lower demand and lower growth.
Cost push inflation	Increased in the price of oil by 400% in the 1970's led to an increase in the production costs of all firms - cost push	Brexit-currency depreciates , causing the costs of imported raw materials to increase							In the 1970s the price of a barrel of oil increased four fold. As oil is a cost in all production processes this increased the costs for all firms and therefore

	inflation-Which country??								prices rose - cost push inflation. 2022 Cost push as labour shortages and wage increases and oil price increases.
Demand Pull inflation	Vietnam - 25.2% in 2008 due to increases in Consumer demand and exports.	In 2007 India was growing rapidly with growth rates in the double digits. As a result of this increased growth/incomes, AD increased causing inflation rates to rise to as high as 9% in India in 2008.							In December 2012, Vietnam experienced its highest inflation rate (12.6%) due to higher demand driven by lower unemployment and high real wage growth.



Example where an decrease in AS was inflationary									The earthquake in Japan in 2011 had increased the price of cars as it disrupted the supply of autoparts needed for the manufacture of cars.
Examples of how national income statistics are used									Central Statistics Office (New Dehli, India): Trends in the national income are used to make GDP growth predictions. In this case, GDP growth was predicted to be 6.5%.
Examples of inaccuracies when using CPI									In Vietnam, unitl 2012 headline CPI did not measure energy or food prices, both of which can vary wildly and give innacurate inflation figures.

									To counter this, core CPI is now measured by removing energy and food prices and this gives a more stable inflation figure.
Trade-off between inflation and unemployment									In Ireland between 2015 and 2017, the rate of unemployment has been fallen and at the same time inflation has been rising slightly. This suggests that the short run Phillips Curve applies here - at least for now.
Structural Unemployment		Technological: In Ireland in 2016, it was estimated that 15% of checkout							Regional/sectoral unemployment: General Motors closed its plant in Detroit in 2017 due to strong international competition. It

		workers last their jobs due to the introduction of self scanning and weighting check outs in major supermarkets.							was the latest of many Detroit car plants to do so. This cause high unemployment in one regional (reginal) and in one industry (sectoral)
Demand deficient unemployment									Countries in the Eurozone such as Greece have experienced huge demand deficient unemployment since the 2008 recession. The decreased demand was partly due to government decreasing spending nad increasing taxes (contractionary fiscal policy) in order to balance

									the government's budget and partly due to a decrease in consumer spending due to increased unemployment of fear of unemployment.
Real world example of the natural rate of unemployment									In Ireland in 2016 it was estimated that the natural rate of unemployment was 5% made up of 1.5% frictional, 2.5% structural and 1% seasonal.
How recession leads to poverty	<u>2009 Recession in America raised poverty rate to a 15-Year High. Twenty-two percent of U.S. children were living in poverty in 2013 compared</u>	Recession leads to Unemployment which leads to poverty. For example, in Tay ninh, the 2008 recession in Vietnam increased the Ue rate							During the recession in the UK in 2009 unemployment rose and this resulted in many more people falling into relative poverty. Moreover, the government decreased spending in order

	with 18 percent in 2008. This is an increase of 2.9 million children.	in the agricultural industry. Farmers were impoverished and were living under 1.25\$ a day.							to close a budget deficit and this led to a decrease in unemployment benefits which increased the intensity of the poverty felt by the unemployed.
Costs of growth Barriers to sustainable development	Severe pollution in China  Coffee production leading to the deforestation of the amazon rainforest	- Environmental problems (not sustainable ) e.g air pollution in Beijing. Or decrease in quality of life because of too much work e.g Korea.							A draft of a 2014 combined World Bank and SEPA report stated that up to 760,000 people died prematurely each year in China because of air and water pollution.
Benefits of growth Higher living standards	400m Chinese citizens lifted out of poverty	- South Korea --> Higher living							South Korea growth rate between 2010 and 2015 average

	over the last 30 years by economic growth. Economic growth has led to better government finances in Chinese which it reinvests in drivers for more economic growth (education etc)	standards --> more people can afford cars							5%. This enables Korean consumers to purchase more goods and service and therefore increases their standard of living.
Benefits of growth Better government finances									South Korea growth rate between 2010 and 2015 average 5%. This increases consumption and therefore indirect tax to the government. Moreover, unemployment fell so income tax

									rose and unemployment benefits decreased.
A country that got stuck in a recessionary gap	Japan in the 90s (deflation)								Japan is known as an economy that has been stuck in a deflation gap since the 1990s. It has had periods of deflation between 1990 and 2016 leading to very little growth.
Labour Market Reforms	Reducing U benefits (now in UK - reduction in real terms) Reduce power of labour unions (Uk in the 1980s and 90s) Abolish minimum wage (e.g. Sweden,								In 2003–2005, Germany undertook extensive labor market reforms which were followed by a large and persistent decline in unemployment. Key elements of the reforms were a drastic cut in benefits for the long-term

	Denmark)								unemployed and incentives for people to search for jobs.
Countries with more unequal distribution of income	Brazil. Gini index of 48	South Africa							In 2013, Brasil had a gini index of 53.
Countries with greater equality	Sweden. Gini index of 25	Finland							Sweden. Gini index of 25 in 2013.
Country with no natural resources but strong economic development	Singapore-straight to the tertiary sector	South Korea							Hong Kong: light and high-tech industry, world largest entreport; main exports are textiles, electronics, plastics,..(\$438bn)
Country where lower consumer spending affected the macroeconomy	Japan. Decrease in Consumer spending led to deflation of 2.5% in 2009	Lower consumer spending --> recessionary							Japan. Decrease in Consumer spending led to deflation of 2.5% in 2009. This has led to decreased demand for goods and services and therefore increased



									unemployment as labour is derived demand.
How a reduction in i.r has raised AD	#ERROR!	In vietnam, the gov reduced interest rates and this increased borrowing and therefore increased consumption							The Russian central bank gradually cuts its interest rates from 17% in 2015 to just 7.5% in February 2018, pulling economic growth up from -5% to 3% over the period of time.
Use of progressive taxation to promote greater income equality	Sweden. Income tax rates are highly progressive.	Vietnam income tax so the higher the income the higher the tax. If salary is below 10 mill a year you are free from income tax							Germany has highly progressive income tax rates and a high minimum wage. This aligned with free provision of healthcare and education has helped increase Germany's income equality in the short and long run.

1. Wealth/property tax 2. Inheritance tax as a way of redistributing income in society		1. But it leads to capital flight and even recessionary effects. 2. But many countries have eliminated this tax due to low revenue collections, high compliance costs, and a narrow base							In Belgium, a 10% tax is charged on the purchase of all properties and a 0.3% property tax per year is also charged. In Ireland inheritance tax is charged at 20% of assets over 300,000 euros.
Use of government expenditure on merit goods/subsidies/transfer payments to promote greater income equality									Most developed countries have free schooling (merit good) The United States currently pays around \$20 billion per year to farmers in direct subsidies as "farm income

									stabilization" Most developed countries have Ue benefits (transfer payment)
Use of price controls to promote greater income equality									Rent controls set in Dublin, Ireland in 2017. Prices set below equilibrium to improve affordability for renters.
Use of minimum wage to promote greater income equality									In Ireland in 2018, the hourly minimum wage rate is 9.55 euros
Market oriented supply side policies and economic growth	UK 1980s --> reduce trade union powers --> limit worker's ability to call a strike → increase in GDP								In 2003–2005, Germany undertook extensive labor market reforms which were followed by a large and persistent decline in unemployment. Key elements of

									the reforms were a drastic cut in benefits for the long-term unemployed and incentives for people to search for jobs.
Interventionist supply side policies and economic growth	UK 1997 - increased spending on healthcare and education	Education in Vietnam (Saigon tech university) is subsidised.							The Chinese government has spent 8.5% of its GDP on infrastructure during 2016-2017 as part of its belt and road project to connect China and Europe over land.
Demand side policies to promote economic growth	US 2008 - lower interest rate → successfully get the country out of a recession	In 2008, Vietnam gov decreased interest rates							In December 2017, the US government gave tax cut to businesses in order to promote investment and entrepreneurship
Supply side policies to reduce unemployment									Tax cuts: In December 2017, the US government gave

<p>nt.</p> <p>Tax cuts</p> <p>Cut in welfare benefits</p> <p>Education and training</p> <p>Privatization</p> <p>Deregulation</p> <p>Reduction in Trade Union power</p>									<p>tax cut to businesses in order to promote investment and entrepreneurship</p> <p>Cuts to welfare payments:</p> <p>Unemployment benefits were cut in the UK in 2010 so encourage more people to look for employment</p> <p>Education and training:</p> <p>Switzerland spend the most per capita on education and training which has resulted in a high GDP per capita - \$60,000</p> <p>Privatisation: In the 1980s the UK privatised much of its state owned industries in order to gain efficiencies</p>
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									<p>Deregulation: In the 1980's the UK deregulated its banking system to allow more loans to be given out to businesses and individuals</p> <p>Reduction of Trade Union power: In the UK in the 1980's many laws were passed to reduce Trade Unions' power therefore reducing workers ability to increase their wages etc.</p>
Conflicting objectives	UK 1980s onwards. Low tax rates to boost growth leading to a widening of the distribution of income.	Sometimes increase in growth can lead to a lower inflation and lower distribution of income because it goes to the higher							<p>In Greece in 2009, taxation was raised and government spending was decreased (contractionary), this lead to a reduction Current Account deficit, but conflicted with the government's</p>

		income group							objective of steady growth as it was one of the causes for the country going into recession.
Budget deficit	Japan's budget deficit caused by government spending to stimulate the economy has led to high levels of national debt.	UK running budget deficit							2017: The USA ran a budget deficit of over \$1 trillion USD (government spending greater than taxation) and this has increased its national debt.
Crowding out effect									In 2015 the interest rates in Russia increased to 15%, partly due to the decreased in loanable funds available to the economy due to the financing of the government debt (PSNCR). This decreased the amount in Investments by firms as they

									were crowded out by the public sector borrowing.
Ease of doing business	Singapore - It takes 8 days to open a business. Bureaucracy is very light. In Brunei it takes 15 months.	Room renting industry in vietnam							Singapore - It takes 8 days to open a business. Bureaucracy is very light. In Brunei it takes 15 months.
Small, efficient government									Singapore. Low taxation but few public services. Healthcare is largely private with very little being provided by the government. Also, much of the education is fee based. It is a very business friendly government that has many agencies that help businesses set up and grow.
Economic growth with lack of									China. No democracy - government are



political or social freedom									not voted in - it's a one party state. Little freedom of the press and movement within the country is restricted.
Real world example of how spending by government can shift the LRAS outwards.									The Chinese government in the 1990s and 2000s invested heavily in infrastructure and power generation - 3 gorges dam etc..
Example of how expansionary monetary policy reduced unemployment/increased AD (consumption and investment) and economic growth/increased									Australia steadily decreased its interest rates during 2013 from 4% to 2.5%. This increased household consumption (C) and business investment (I), increasing AD and therefore decreasing unemployment (labour is derived demand).

inflation/									However, inflation increased from 1.7% to 2.7% in the same time period - mainly due to demand pull inflation.
Example of how contractionary monetary policy increased unemployment/decreased AD (consumption and investment) and economic growth/reduced inflation									Egypt increased its interest rate from 9% to 15% in 2016. This decreased household consumption (C) and business investment (I), decreasing AD and therefore increasing unemployment (labour is derived demand). However, inflation decreased from 30% to 15% in 2017, largely due to increased interest rates.
Example of how expansionary									In 2009, the USA ran a \$1.4trillion budget deficit

fiscal policy reduced unemployment/increased AD (consumption and investment) and economic growth/increased inflation									(having increased government spending). This led to increase in employment, particularly in the public sector and therefore led to an increase in household consumption (C) and business investment (I) to meet the increased AD. However, inflation increased from 0.9% to 2.9% in the same time, mainly due to demand pull inflation.
Example of how contractionary fiscal policy increased unemployment/decreased AD (consumption									In 2014, the USA ran a \$0.5trillion budget deficit (done from \$0.8trillion) (mainly due to a decrease in government spending). This

n and investment) and economic growth/decreased inflation									led to decrease in employment, particularly in the public sector and therefore led to an decrease in household consumption (C) and business investment (I) due to decreased AD. Inflation creased from 01.5% to 0.75% in the same time.
Example of how business confidence affect economic growth									In Ireland in 2017, growth projection for 2018 -2020 averaged 6%. This has made businesses more confident about investing in new capital equipment to meet the expected increase in demand.
Example of how consumer									In Ireland in 2017, growth projection for 2018 -2020

confidence affects economic growth									averaged 6%. This has made consumers more confident about secure employment and future income raised. Therefore C has increased.
Example of economic growth's impact on the living standards of a country	China								Since 2010, China's real GDP growth has averaged about 7%. This has doubled the amount of goods and services produced by China between 2010 and 2017. This leads to Chinese citizens having more goods and services.
Example of the impact of automatic stabilisers on an economy									In Ireland in 2017, unemployment decreased from 7% to 5.5% (near the full employment

									level) as the economy was reaching the boom phase of the Trade Cycle. However, taxation increased (income, indirect and corporation) and government spending decreased as less people were receiving unemployment benefits and therefore this has a contractionary effect on the economy which stopped it from over heating and running too high of an inflation level.
Example of how inflation affects a countries international competitiveness									Egypt had inflation of 30% in 2016. This increased the costs of its exports abroad

ess									and increased the price competitiveness of imports, leading to a increased deficit in the Egyptian Current Account.
Examples of countries with high and low gini coefficients									In 2013, Brasil had a gini index of 53. In 2013, Sweden had a Gini index of 25.
Examples of factors that cause Demand Pull inflation									In Ireland in 2004 to 2007, house prices increased by more than 10% per year. This led to the wealth effect being triggered as householders felt better off. Therefore they increased their consumption and this in turn led to demand pull inflation. Inflation was 5% in 2006.

Examples of factors that cause Cost Push inflation									In the early 2000's there was an increase in the price of many commodities such as oil, copper, brauxite etc. This increased the costs for firms and therefore caused cost push inflation.
Example of where deflation occurred									From 2009 to 2012, Japan has had negative inflation each year - prices fell.
Example of the cause of demand deficient unemployment									In the USA in 2008 during the financial crisis, the housing bubble burst with housing stock losing much of its value. This decreased spending in the economy and it entered a recession due to deficient demand.



Example of the benefits of economic growth									Since 2010, China's real GDP growth has averaged about 7%. This has doubled the amount of goods and services produced by China between 2010 and 2017. This leads to Chinese citizens having more goods and services.
Example of the problems of economic growth									China grew 10.3% in 2010 but had 1.2 million premature deaths in the same year caused by pollution that harmed the health of the population
Real world example of Multiplier Effect	In Vietnam a new highway was completed from Saigon to Mui Ne in								



Question 1 a) Example of reason for deficit in the current account of the balance of payments	1. Trade restrictions amongst trading partners : UK announces economics sanctions against Russia (2022 March)	The current account balance surplus narrowed significantly from 4.3 per cent of GDP in 2019 to 0.1 per cent of GDP in 2020 due to a sharp decline in exports due to overvalued currency in Trinidad and Tobago (2019-2020 )							
Policies to correct the balance of payments in the current account	Sri Lanka's rupee devaluation, import restrictions (2022 March)-improve current								

	account								
	Annual inflation rate in the US accelerated to 7.9% in February of 2022, the highest since January of 1982, matching market expectations.								
Evaluate the policies by which a deficit in the current account of the balance of payments might corrected	UK in 2016 after Brexit, its current account deficit was lessen and corrected due to the Pound losing its values, (weaker pound). This reduces the debt because "overseas dollar earnings were higher for								

	domestic commodity companies, resulting in more cash inflows to the country."								
Evaluate the possible impact of globalization on the economies of scale of developed countries									
Evaluate the possible impact of globalisation on the economies of developed countries	Negative Impact Example: median US household income rose around \$50,000 to \$64,000 around 0.46% every year over the past	Negative impact: In the US, the trade deficit has grown by 24%, from \$502 billion in 2016 to \$622 billion in 2018, while							

	two decades, whereas the top 5% household incomes rose around \$190,000 to more than \$400,000 around 1.62% every year. (Widening the distribution of income) (2019 data)	unemployment has fallen to record levels (positive impact)							
Example of country that benefits from free trade and specialisation	South Korea - comparative advantage in technology and design South Korea and the US implemented the Free Trade Agreement in 2012 eliminate tariff on US exports - more price competitive								

	domestic producers & consumers								
(Page 3 question b) Evaluate the arguments in favour of barriers to international trade	In 2021 Taiwan implements anti-dumping tariffs to protect domestic ceramic tile producers from foreign suppliers dumping tiles at unfairly low prices in the Taiwanese government								
Using the theory of comparative advantage, explain how specialisation and free trade might lead to welfare gains	Specialization : A "Petroleum state" is defined as a country who has heavily specialized in the extraction of Oil, like Saudi Arabia	Free Trade: (2006) estimated the welfare gains of a full FTA as \$20.2 billion for Korea							

for developed countries	and Russia. Because Oil is a necessity good, a lot of countries import from them, generating income for the economy								
(Page 4 question a) Explain, using a diagram, how government intervention can change the exchange rate of a currency	The rupee has fallen 3.5% against the dollar in 2022 due to the hike in US interest rates								
Evaluate the extent to which a depreciating exchange rate may benefit or harm an	Benefit: yen's depreciation increases export volumes and improves the trade balance (~2010)	Harm: due to an increase in the weight of imported consumer goods, the purchasing							



economy		power of households became prone to decline when the yen depreciated (~2010)							
Example of country that devalued its currency to correct the balance of payment	China devalued its currency twice within two days by 1.9% and 1% in July 2015. On 5 August 2019, China devalued its currency in response to the imposition of trade tariffs by the United States against China.								
example of factors that can cause a depreciation of a country's	2018 Argentinian monetary crisis was a severe								

exchange rate	devaluation of the Argentine peso, caused by high inflation								
examples of progressive taxation & regressive taxation	Examples of progressive tax · Capital gains tax · Stamp duty · Value Added Tax (VAT) · Inheritance tax.	regressive tax include; sales tax, property tax, excise tax, tariffs, and government fees.							
Evaluate a country's decision to join a free trade area (FTA)	- VKFTA: Increased economic interactions with Korea, switched from manufacturing low-value added products to high-valued products, Improved trade between the two countries: domestic demand								

	increases immensely alongside exports-orientated manufacturing , Vietnam's real GDP increased by approximately 7 % in 2019.								
(Page 5 question a) There has been an increasing trend in different parts of the world for countries to engage in economic integration through the formation of trading blocs. Using suitable examples, explain the	EU (Free trade area & customs union); EEC (common market);								

different types of trading bloc that may be formed									
Advantages/ disadvantages of joining a trading bloc	<p>Advantage: Poland has benefited greatly after joining the EU in 2004. Then there is the boost the Polish economy has enjoyed thanks to its booming exports, which mostly head to other EU countries. A year before accession (when they joined the EU) , Poland generated an annual GDP of £130bn; by 2013, that</p>	<p>Disadvantages: 2016 - mexico's famers put out of business as a result of NAFTA</p>							

	figure had grown to £305bn. Meanwhile, GDP per capita has risen from 44% of the EU average on accession to 67% in 2014								
Explain two possible consequences of a sustained current account deficit in a country's balance of payments	Hungary's current account deficit has widened to 2.263 billion euros in the third quarter (of 2021). In 2022, the Current account is expected to remain in a deficit of 2.5-3.4% of GDP								

examples of countries with floating & fixed exchange rate	In 1973, Japan moved to a floating exchange rate system.	since 1975, Fiji has fixed exchange rate - provide economic stability and certainty							
Evaluate the possible effects of a decrease in direct taxation on a country's inflation rate, unemployment rate and balance of payments.	Brazil has reduced its headline corporate tax rate from 34% to 25% this year. Brazil's inflation in 2021: 7.7%, whereas in 2020: 3.21%. The unemployment rate in Brazil decreased to 11.1% in the three months to December of 2021								
(Page 8 question b) Evaluate the	Mexico hikes interest rates, a form of								

methods available to the government to reduce a current account deficit	contractionary policy in January 2021 to reduce the current account deficit								
An economy is currently experiencing a deficit on the current account of its balance of payments.	UK in 2016 after Brexit, its current account deficit was lessen and corrected due to the Pound losing its values, (weaker pound). This reduces the debt because "overseas dollar earnings were higher for domestic commodity companies, resulting in more cash inflows to the								

	country."								
Evaluate gouvernement /central bank intervention in the foreign exchange market to reduce the value of the exchange rate	The Swiss National Bank (SNB) took this kind of action from September 2011 to January 2015. The SNB set a minimum exchange rate between the Swiss franc and the euro. This kept the Swiss franc from strengthening beyond an acceptable level for other European importers of Swiss goods.								
Evaluate the possible effects of a persistently	Zimbabwe had an inflation rate of 92.5% in								



high inflation rate on a country's current account balance and its exchange rate	2021.								
Evaluate the advantages and disadvantages of joining a trading bloc.	UK leaving EU (Brexit 2016) has both benefits and negatives.								
Evaluate the significance for less developed countries of a deterioration in the terms of trade.	A less developed country relies on trade since their own population doesn't have the funds to purchase goods. Hence, a deterioration in trade would be incredibly detrimental. For example, a large part of								

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International									
Example of MNC expanding into less economically developed countries	Nike opening factories in Vietnam due to lower costs of production, as labour costs are cheaper								
Encouraging FDI to achieve economic development	1990s China developing massively using FDI								
Trade liberalization to achieve economic development	Vietnam 'Doi Moi' economic reforms in 1986 integrating it to the global economy and spurring decades of economic growth								
Advantages of market-led	Vietnam: MNCS like								

strategies in achieving development	Nike, Intel, Samsung hire domestic workers and often provide higher wages								
Disadvantage of market-led strategies in achieving development	Vietnam has seen increased wealth inequality in recent years due to market-oriented reforms	South Korea suffering in 1997 financial crisis due to collapse of Thai Baht: vulnerable to int. economic crises	MNCs like Nestle in Thailand often hire international workers as higher-paid managers						
Example of a firm benefiting from becoming a multinational corporation	Coca Cola earned more revenue from Africa by marketing to local taste when the US per capita soda consumption by volume fell								

	25% from 1998 to 2015								
Examples of government subsidizing firms within Vietnam during Covid pandemic	Vietnamese government approved a stimulus package of \$15.3 billion to assist businesses and revive the economy.								
Example of highly indebted country economically develop after general cancellation of debts	Chad received \$1.1 billion debt relief under Heavily Indebted Poor Countries (HIPC) in 2015.								
Example of developing countries that decreased dependence on production of primary commodities	China switched from traditional agriculture to bio-fuel in the 2008 food/energy crisis								

to achieve economic growth									
Examples of intervention	US increase import tariffs or impose quotas on Russian goods								
Examples lowering interest rate to increase employment	Biden Notes Economic Success as Employment and Wages Rise								
Example of FDI helping a country achieve economic growth and development	FDI into Vietnam e.g. from Singapore, Japan, SK projected household spending by 7% in 2021 and allowed the middle class to grow	FDI in Pakistan (2019) (30% increase in GDP from FDI)							
Examples of benefits of foreign aid	The International Monetary								



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