



Microeconomics Contents Page

Chapter 1: Production Possibility Curves	5	7.4: Organic Growth	58
Chapter 2: Market Equilibrium	6	7.5: Inorganic Growth	59
2.1: Demand.....	6	7.6: Conglomerate Integration	61
2.2: Supply.....	7	7.7: De-Mergers	62
2.3: The Price Mechanism	9	Chapter 8: Costs, Profit, Barriers to Entry, Objectives of Firms, Efficiency	64
Chapter 3: Elasticity	12	8.1: Costs	64
3.1: Price Elasticity of Demand.....	12	8.2: Profit	66
3.2: Price Elasticity of Supply.....	14	8.3: Barriers to Entry and Exit	67
3.3: Cross Elasticity of Demand.....	15	8.4: Objectives of Firms	68
3.4: Income Elasticity of Demand.....	16	8.5: Efficiency for Market Structures.....	70
Chapter 4: Indirect Tax, Subsidy & Price Controls	18	Chapter 9: Market Structures	72
4.1: Indirect Taxation.....	18	9.1: Perfect Competition.....	72
4.2: Subsidy.....	20	9.2: Monopoly.....	76
4.3: Minimum Price.....	23	9.3: Natural Monopoly.....	80
4.4: Maximum Price.....	25	9.4: Price Discrimination.....	81
4.5: Allocative Efficiency and Free Markets..	27	9.5: Monopsony Product Market.....	84
Chapter 5: Market Failure Causes	28	9.6: Monopolistic Competition.....	86
5.1: Externalities.....	28	9.7: Oligopoly.....	89
5.2: Merit/De-Merit Goods.....	30	9.8: Contestable Markets.....	94
5.3: Tragedy of the Commons.....	31	Chapter 10: Monopoly Regulation and Competition Policy	98
5.4: Public Goods.....	32	10.1: Monopoly Regulation.....	98
5.5: Information Failure.....	32	10.2: Privatisation and Deregulation.....	103
5.6: Factor Immobility.....	33	10.3: Nationalisation.....	107
5.7: Volatile Commodity Prices.....	33	Chapter 11: The Labour Market, Inequality and Poverty	109
5.8: Monopoly Power.....	34	11.1: Labour Demand.....	109
5.9: Income Inequality.....	34	11.2: Labour Supply.....	112
Chapter 6: Policies to Solve Market Failure	35	11.3: The Labour Market.....	114
6.1: Indirect Tax and Market Failure.....	35	11.4: Monopsony Labour Market.....	120
6.2: Subsidy and Market Failure.....	37	11.5: Trade Unions	120
6.3: Regulation and Market Failure.....	39	11.6: Discrimination in the Labour Market..	124
6.4: Tradable Pollution Permits.....	40	11.7: Wage Differentials.....	128
6.5: State Provision.....	42	11.8: Inequality and Poverty.....	132
6.6: Information Provision.....	44	11.9: Policies to Reduce Inequality.....	137
6.7: Price Controls & Market Failure.....	46	11.10: National Minimum Wage.....	140
6.8: Property Rights.....	49	Chapter 12: Behavioural Economics	143
6.9: Buffer Stock Schemes.....	50	12.1: Behavioural Economic Thought.....	143
6.10: Government Failure.....	52	12.2: Cognitive Biases.....	144
6.11: Free Markets and Market Forces.....	53	12.3: Nudge Policies.....	145
Chapter 7: Production & Business Growth	55	Macroeconomics and Global Economy	147
7.1: Specialisation.....	55		
7.2: Division of Labour.....	56		
7.3: Business Growth	57		





Macroeconomics and Global Economy Contents Page

Chapter 1: Aggregate Demand & Supply..... 148	Chapter 6: Exchange Rates..... 238
1.1: Aggregate Demand..... 148	6.1: Floating Exchange Rates..... 238
1.2: Short Run Aggregate Supply..... 152	6.2: Fixed Exchange Rates..... 240
1.3: Long Run Aggregate Supply..... 153	6.3: Exchange Rate Depreciation..... 241
1.4: Macroeconomic Equilibrium..... 155	6.4: Exchange Rate Appreciation..... 245
1.5: Output Gaps and Adjustment.... 157	6.5: Fixed v Floating Exchange Rates 247
Chapter 2: Macroeconomic Performance.... 160	6.6: Monetary Union (The Euro)..... 249
2.1: Economic Growth..... 160	Chapter 7: Globalisation..... 251
2.2: Unemployment..... 169	Chapter 8: Terms of Trade..... 255
2.3: Inflation and Deflation..... 176	Chapter 9: Economic Development..... 258
Chapter 3: Macroeconomic Policy..... 183	9.1: Growth and Development..... 258
3.1: Fiscal Policy..... 183	9.2: Single Development Measures... 261
3.2: Monetary Policy..... 190	9.3: Human Development Index..... 262
3.3: Supply Side Policies..... 198	9.4: Development Sources/Barriers.. 264
3.4: Policies to Improve Macroeconomic Performance..... 202	9.5: Microfinance and Development 267
Chapter 4: Trade and Protectionism 215	9.6: Trade and Development..... 269
4.1: International Trade..... 215	9.7: FDI and Development..... 272
4.2: Protectionism..... 218	9.8: Aid and Development..... 274
4.3: Brexit..... 225	9.9: Market Based and Interventionist Policies for Development..... 277
Chapter 5: The Balance of Payments..... 229	Chapter 10: Financial Markets (Not for IB)... 281
5.1: Causes of a Current Account Deficit/Surplus..... 229	10.1: Commercial/Investment Banks 281
5.2: Consequences of a Current Account Deficit..... 230	10.2: Commercial Bank Failure..... 282
5.3: Consequences of a Current Account Surplus..... 232	10.3: Commercial Bank Objectives.... 284
5.4: Policies to Reduce a Current Account Deficit..... 233	10.4: The Central Bank..... 284
	10.5: Financial Market Failure..... 286
	10.6: Financial Market Regulation.... 287

