



Contents Page

Chapter 1: Aggregate Demand & Supply.....	5	Chapter 6: Exchange Rates.....	95
1.1: Aggregate Demand.....	5	6.1: Floating Exchange Rates.....	95
1.2: Short Run Aggregate Supply.....	9	6.2: Fixed Exchange Rates.....	97
1.3: Long Run Aggregate Supply.....	10	6.3: Exchange Rate Depreciation.....	98
1.4: Macroeconomic Equilibrium.....	12	6.4: Exchange Rate Appreciation.....	102
1.5: Output Gaps and Adjustment....	14	6.5: Fixed v Floating Exchange Rates	104
Chapter 2: Macroeconomic Performance....	17	6.6: Monetary Union (The Euro).....	106
2.1: Economic Growth.....	17	Chapter 7: Globalisation.....	108
2.2: Unemployment.....	26	Chapter 8: Terms of Trade.....	112
2.3: Inflation and Deflation.....	33	Chapter 9: Economic Development.....	115
Chapter 3: Macroeconomic Policy.....	40	9.1: Growth and Development.....	115
3.1: Fiscal Policy.....	40	9.2: Single Development Measures... 118	
3.2: Monetary Policy.....	47	9.3: Human Development Index.....	119
3.3: Supply Side Policies.....	55	9.4: Development Sources/Barriers..	121
3.4: Policies to Improve Macroeconomic		9.5: Microfinance and Development	124
Performance.....	59	9.6: Trade and Development.....	126
Chapter 4: Trade and Protectionism	72	9.7: FDI and Development.....	129
4.1: International Trade.....	72	9.8: Aid and Development.....	131
4.2: Protectionism.....	75	9.9: Market Based and Interventionist	
4.3: Brexit.....	82	Policies for Development.....	134
Chapter 5: The Balance of Payments.....	86	Chapter 10: Financial Markets (Not for IB)...	138
5.1: Causes of a Current Account		10.1: Commercial/Investment Banks	138
Deficit/Surplus.....	86	10.2: Commercial Bank Failure.....	139
5.2: Consequences of a Current Account		10.3: Commercial Bank Objectives... 141	
Deficit.....	87	10.4: The Central Bank.....	141
5.3: Consequences of a Current Account		10.5: Financial Market Failure.....	143
Surplus.....	89	10.6: Financial Market Regulation....	144
5.4: Policies to Reduce a Current Account			
Deficit.....	90		

