Topic 2) Unemployment & Inflation

Do I know my stuff?

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| Analyse and evaluate the causes of unemployment |
| Explain the consequences of unemployment for individuals and for the performance of the economy |
| Understand the concept of, and the factors which determine the natural rate of unemployment.  |
| Draw and explain both the SRPC and LRPC and discuss the implications of these for economic policy |
| Understand how a weighted price index are calculated and used to measure changes in price levels. Further to this, you need to be aware of how the following are used to measure RPI/CPI:* Family Expenditure Survey
* The concept of the ‘average family’
* Basket of goods and services
* Weighting
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| Analyse and evaluate the causes of changes in price levels (increasing and decreasing) and the impacts of this on individuals and the performance of the economy |
| Understand Fisher’s equation of exchange and Quantity Theory of Money |
| Understand the importance of expectations to changes in the price level |