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| Are you able to explain all the macro-economic targets (including how they are measured?:   * Actual and potential economic growth * Price stability (low, stable inflation) * Minimising unemployment * Improve balance of payments on the current account? |
| Can you explain short-run conflicts between macro-economic targets? |
| Explain the difference between short-run and long-run economic growth. Illustrate economic growth through the use of AD/AS diagrams and PPB diagrams |
| Explain using AD/AS diagrams the causes and consequences of demand-pull and cost-push inflation. You also need to be aware of deflation |
| Explain how unemployment is measured and how it is influenced by demand-side and supply-side factors (using AD/AS diagrams). |
| Define the following types of unemployment:   * Cyclical * Seasonal * Frictional * Structural |
| Explain the 4 components of the current account:   * Trade in goods * Trade in services * Investment income * Current transfers |
| Explain the causes and consequences of trade deficits and trade surpluses |