

## Definitions and Concepts for AQA Economics A-level

### Paper 2: Macroeconomics

#### Topic 1 – The Measurement of Macroeconomic Performance

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**Availability of credit:** Funds available for firms and households to borrow.

**Base year:** The first year in an economic or financial index.

**Black (informal, shadow) market:** Economic activities that occur below the government's radar.

**Claimant count:** A method of measuring unemployment by counting all of those who claim the Jobseekers Allowance and other unemployment related benefits.

**Consumer prices index (CPI):** Official measure used to calculate the rate of consumer price inflation, using a basket of common goods.

**Credit crunch:** Occurs when there is low availability of credit in the economy.

**Economic shock:** Unexpected events and their effects on economies; may be demand side or supply side.

**Exchange rate:** The price of a currency measured in terms of another currency.

**Exports:** Domestically produced goods and services sold to residents of other countries.

**Full employment:** All those willing and able to work are able to find jobs.

**Gross National Income (GNI):** Sum of value added by all producers who reside in a nation, plus product taxes not included in the value of output, plus receipts of primary income from abroad.

**Gross National Product (GNP):** Market value of all products produced per annum by the labour and property supplied by the citizens of one country.

**Imports:** Non-domestically produced goods and services sold to residents of this country.

**Index numbers:** Numbers allowing accurate comparisons over time to be made. The base year value is typically 100.

**Inflation rate target:** The CPI inflation rate target set by the government, which the Bank of England attempts to achieve; currently 2%.

**Job Seeker's Allowance (JSA):** Unemployment-related benefit.

**Labour Force Survey:** A quarterly survey of UK households, recording information on the personal employment circumstances of the respondents.

**Liquidity:** The ease with which an asset can be turned into cash without loss or delay.

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**Macroeconomics:** Involves the study of the whole economy at the aggregate level.

**Macroeconomic stability:** Occurs when there is low volatility of key macroeconomic indicators.

**Marginal propensity to consume (MPC):** The proportion of an increase in disposable income that is spent on consumer goods.

**National wealth:** The stock of all goods with value in an economy.

**Per capita:** Per person/ per head.

**Performance indicator:** Provides information used to judge success or failure of a government policy.

**Policy instrument:** Tool or set of tools used to try and meet a policy objective.

**Policy objective:** Target or goal policy-makers aim to hit.

**Price index:** An index number showing the extent to which a set of prices has changed in comparison to the prices in the base year.

**Purchasing Power Parity (PPP):** Adjustments of exchange rates to reflect the actual purchasing power of a currency.

**Retail prices index (RPI):** An older measure used to calculate the rate of consumer price inflation.

**Wealth:** Stock of assets.

**Weighting:** When certain data items in a set are assigned a higher or lower importance than other data items in the set.

