

OCR Economics A-Level

Macroeconomics

Topic 2 - Economic Policy Objectives

Flashcards

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Economic growth



Economic growth

An expansion of the productive potential
in the economy



Economic cycle



Economic cycle

The tendency of economic growth to rise and fall above and below the trend rate of economic growth, causing booms and busts



Gross domestic product (GDP)



Gross domestic product

The value of goods and services produced in a country over a given period of time



GDP per capita



GDP per capita

Total GDP divided by the population of the country



Nominal GDP



Nominal GDP

The value of GDP without being adjusted for inflation



Real GDP



Real GDP

The value of GDP adjusted for inflation



Short run growth



Short run growth

Calculated annually by the percentage change in real GDP



Long run growth



Long run growth

An increase in the productive capacity of the economy



Actual rate of growth



Actual rate of growth

Economic growth measured by change
in real GDP



Trend rates of growth



Trend rates of growth

The average sustainable rate of average growth over a period of time



Economic development



Economic development

An increase in living standards, freedom and life expectancy



Structure of an economy



Structure of an economy

How the economy is made up in terms of what proportion of output comes from the different economic sectors



Primary sector



Primary sector

The part of the economy focussed on raw materials, such as farming or mining



Secondary sector



Secondary sector

The sector which transforms raw materials into goods for consumers, the manufacturing industry



Tertiary sector



Tertiary sector

The part of the economy concerned with the supply of services



Sustainable development



Sustainable development

Development that occurs to meet the needs of the people of today without preventing future generations from meeting their needs;
development that occurs without depletion of natural resources



Human Development Index (HDI)



Human Development Index (HDI)

Measures an economy's development based on income, health and education



Genuine Progress Indicator



Genuine Progress Indicator

A measure of development calculated from 26 different indicators looking at economic, environmental and social factors



Measuring National Wellbeing programme



Measuring National Wellbeing programme

A report which measures how lives are improving; asks four key questions about life satisfaction, anxiety, happiness and worthwhileness



Aid



Aid

When a country voluntarily transfers resources to another or gives loans on a concessionary basis



Remittances



Remittances

A sum of money sent back to the domestic economy of a migrant



Employment



Employment

Those with a job



Unemployment



Unemployment

Those able and willing to work, but are not employed



Labour Force Survey



Labour Force Survey

A measure of unemployment which surveys people to class them as unemployed, employed or inactive under the ILO definitions



Claimant count



Claimant count

A measure of unemployment; the number of people receiving benefits for being unemployed



Inflation



Inflation

The general rise in prices that erodes the purchasing power of money



Deflation



Deflation

The opposite of inflation, where the average price level in the economy falls



Disinflation



Disinflation

A falling rate of inflation; prices are still rising but by not as much



Hyperinflation



Hyperinflation

When the rate of inflation is high and accelerating, to the extent that it is out of control



Consumer Price Index



Consumer Price Index

Official measure used to calculate the rate of inflation, using a weighted basket of goods



Retail Price Index



Retail Price Index

An old measure of inflation which has lost its national statistic status



Balance of payments



Balance of payments

A record of all financial dealings over a period of time between economic agents of one country and another



Current account



Current account

A record of the payments for the purchase and sale of goods and services, as well as income and transfers



Marginal propensity to import (MPM)



Marginal propensity to import (MPM)

The proportion of an increase in income spent on imports

