

IB Econ Semester 2 Final Exam 2019

Format – Section 1 - article with questions

Section 2 – Essay - Part A and B

Terminology

Unit 5

Market failure
Positive externalities
Merit goods
Negative externalities
Non-merit goods (demerit goods)
External economies/external diseconomies
External costs/benefits
Third party costs/benefits
Internalizing external costs
Pollution regulation controls
Eco-tax
Tradable permits
Cap and trade programs
Marginal Private Benefits
Marginal Social Benefits
Marginal Private Costs
Marginal Social Costs

Allocative efficiency
Collective goods (public goods)
Rivalry-- Shared consumption
Excludability-- non-exclusion
Free riders
Common access resources
Lack of Pricing Mechanism
Sustainability
Sustainable Development
“the problem of the commons”
Property rights

Unit 6

Aggregate
Inflation
Unemployment
Nominal National Income
Real National Income
Business Cycle
Income

Expenditure
Output
Final Product
Intermediate goods
Inventory
Investment
Transfer Payments
Capital Goods
Shadow Economy
Informal Economy
Hidden Economy
GDP
GNI
Economic Growth
GDP per capita
Nominal GDP
Real GDP
Green GDP

Unit 7

GDP Gaps
Recessionary Gaps
Inflationary Gaps
The poverty line
Absolute poverty
Extreme Poverty
Relative poverty
Social Indicators of Poverty
Income Distribution
Lorenz Curve
Gini index (ratio, coefficient)
Transfer Payments
Welfare Services
Direct taxation
Indirect Taxation
Progressive Taxation
Proportional Taxation
Regressive Taxation
Poverty trap or the Cycle of Poverty
Equity
Equality

Income Redistribution Policies
Cash Transfers
Unconditional Transfers
Conditional Transfers
Interest rates
Medium of Exchange
Store of value
Unit of measurement/unit of account
Standard of Deferred payment

Unit 8

Direct taxation
Indirect Taxation
Progressive Taxation
Proportional Taxation
Regressive Taxation

Aggregate Supply
Aggregate Demand
Aggregate Expenditure
Financial assets
Price level
National Output
Full Employment
 Y_E
 PL_E
 Y_{FE}
Capacity utilization
Inventories
Recession
Short Run Aggregate Supply Curve – SRAS
Long Run Aggregate Supply Curve – LRAS
Sticky wage model
Keynesian Model
Neoclassical model
Inflationary Gap
Recessionary Gap (deflationary gap)

Unit 9

Unemployment

Unemployment rate
Frictional unemployment
Structural unemployment
Cyclical unemployment
Inadequate Aggregate Demand
Seasonal unemployment
Recession
Depression
Full Employment
Hidden unemployment
Underemployment
Discouraged workers
Spare Capacity

Inflation

Disinflation
Deflation
Consumer Price Index – CPI
Base year
Demand Pull Inflation
Cost Push Inflation
Continues on next page
Unit 9 Continued
Monetary Inflation
Stagflation
Core/underlying inflation rate
Hyperinflation

Fiscal Policy

Expansionary fiscal policy
Contractionary fiscal policy
Government Expenditure
Current expenditure
Capital expenditure

Transfer payment
Automatic Stabilizer
Discretionary policy
Government Budget Constraints
Budget Deficit
Budget Surplus
Government Debt
Lag time

Crowding Out

Supply Side Policies

Interventionist

Investment in human capital
Investment in new technology
Investment in Infrastructure
Industrial Policies

Market based

Policies to encourage competition
Labor market reforms
Incentive related policies