

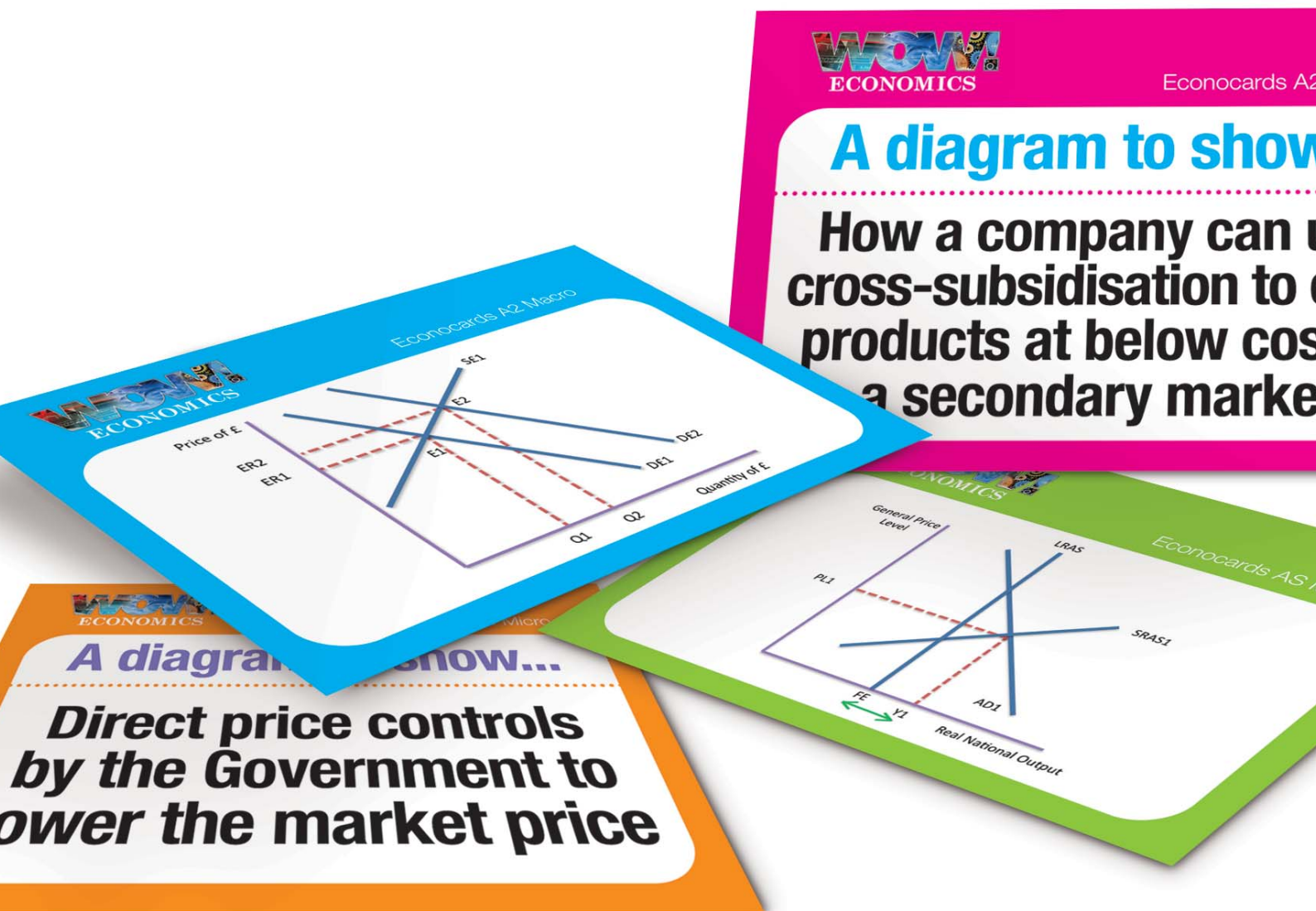
Econocards

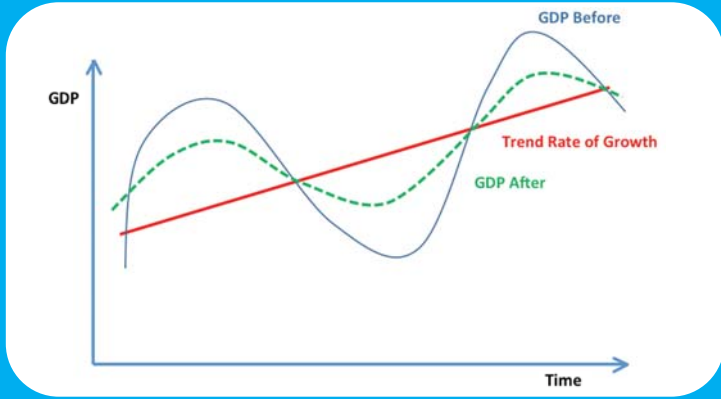


Teachers Instructions

Econocards can be used in three ways, depending on ability of the group and the objective of the exercise.

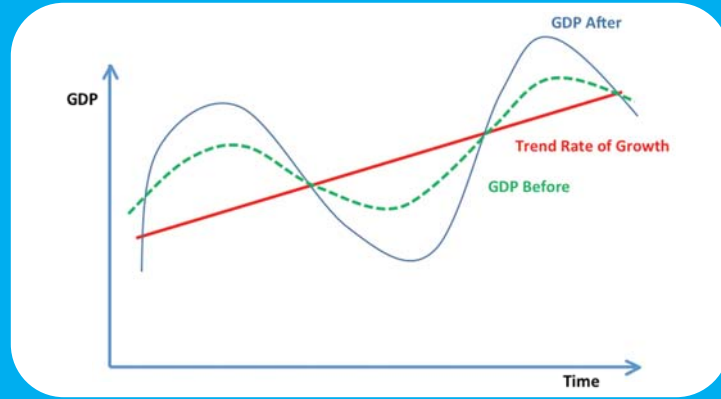
- 1 Students receive the written descriptions and are asked to draw the graph that depicts the scenario.
- 2 Students receive the graph and are asked to write a description that matches the graph.
- 3 The cards can be used for a matching exercise, particularly as revision for a particular unit.





A diagram to show...
The effects of macro economic automatic stabilisers

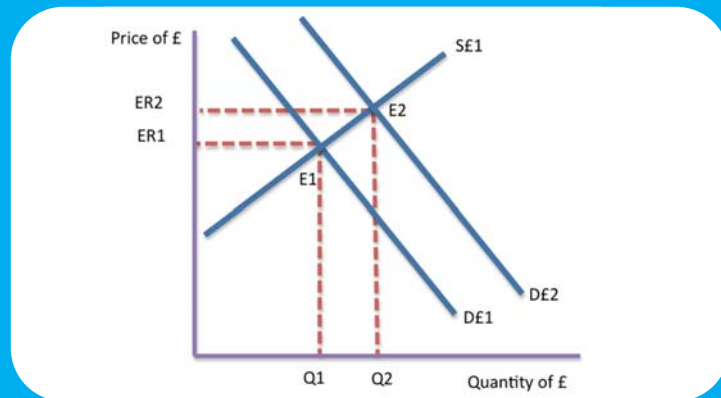
A diagram to show...
The effects of government spending and taxation on the economic cycle



A diagram to show...
The interaction of the multiplier/accelerator effect on the economic cycle

A diagram to show...
The accelerator effect on the economy

A diagram to show...
The multiplier effect on the economy



A diagram to show...

An appreciation of a currency

A diagram to show...

The effect on the exchange rate of a rise in exports

A diagram to show...

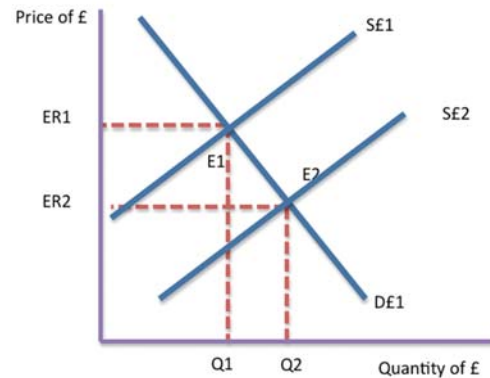
The effect on the exchange rate of an improvement in international competitiveness

A diagram to show...

The effect on the exchange rate of hot money flowing into a country

A diagram to show...

The effect on the exchange rate of a rise in interest rates



A diagram to show...

The effect on the currency of a rise in imports

A diagram to show...

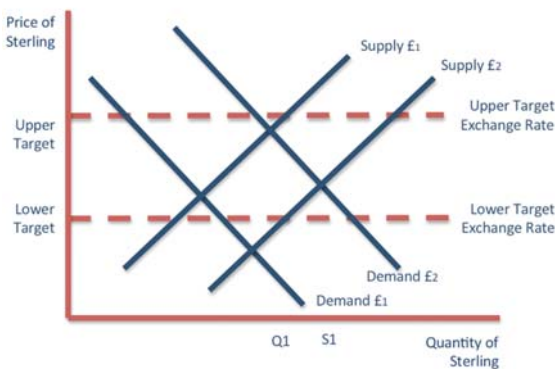
The effect on the currency of a fall in the interest rate

A diagram to show...

The effect on the currency of an outflow of hot money

A diagram to show...

The effect on the currency of expectations of a depreciation of the exchange rate



A diagram to show...

A semi-fixed exchange rate

A diagram to show...

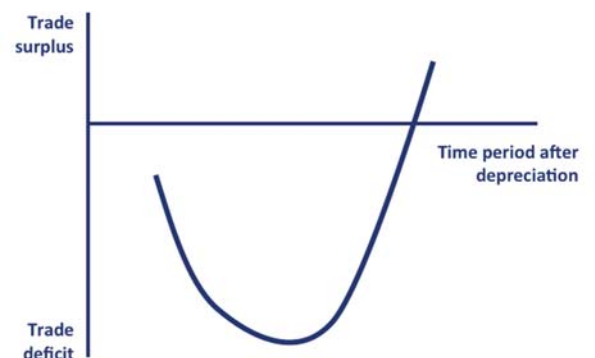
The Exchange Rate Mechanism (forerunner to Euro)

A diagram to show...

A dirty floating exchange rate system

A diagram to show...

The effects of devaluation and revaluation of a currency



A diagram to show...

The J curve effect

A diagram to show...

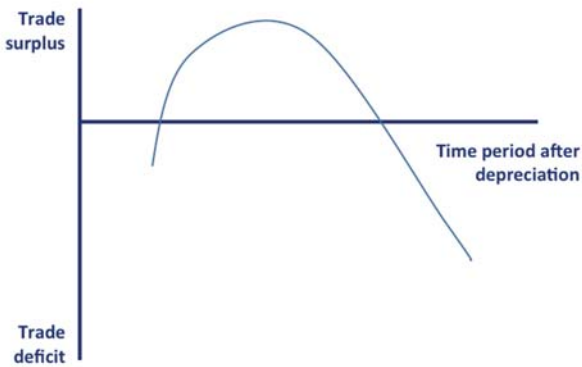
The effect of a depreciation of a currency on the current account balance

A diagram to show...

The effect of a devaluation of a currency on the current account balance

A diagram to show...

A demonstration of the correction of a current account balance



A diagram to show...

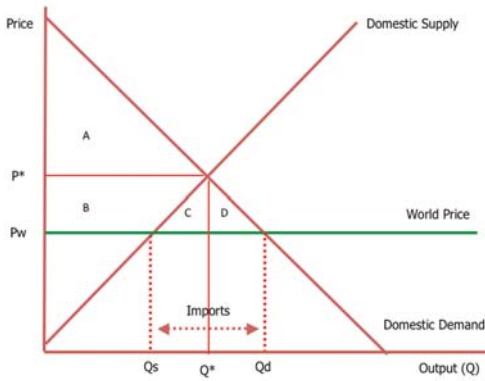
The n-curve effect

A diagram to show...

The effect of a revaluation on the current account

A diagram to show...

The effect of an appreciating currency on the current account balance



A diagram to show...

The welfare gain from free trade

A diagram to show...

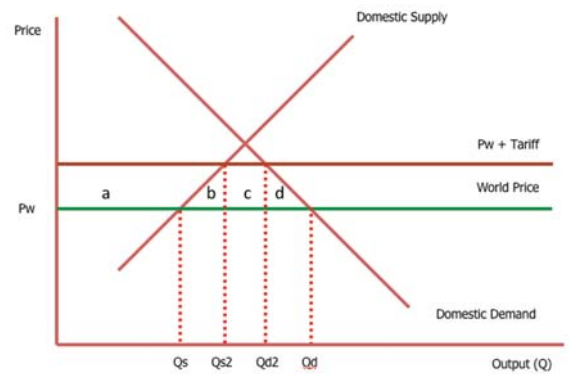
The increase in consumer surplus gained from trade creation

A diagram to show...

The volume of imports when opening up a country to free trade

A diagram to show...

The change in domestic producer surplus resulting from trade



A diagram to show...

The welfare effects of a tariff

A diagram to show...

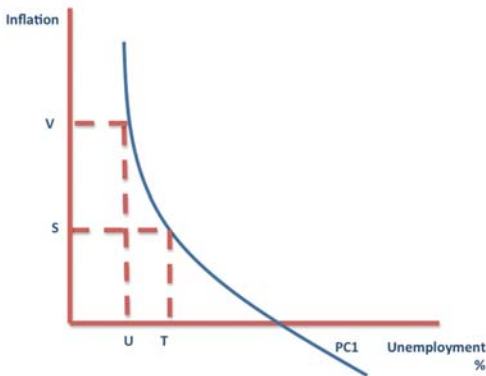
Government revenue raised from a tariff

A diagram to show...

The redistribution of welfare resulting from a tariff

A diagram to show...

The deadweight loss of welfare resulting from protectionism



A diagram to show...

The short run trade off between inflation and unemployment

A diagram to show...

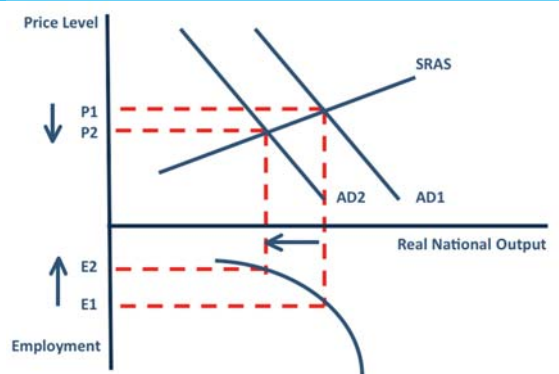
The effect on inflation of reducing unemployment in an economy

A diagram to show...

The effect on unemployment of reducing the rate of inflation

A diagram to show...

The effect of expansionary fiscal policy on inflation and unemployment



A diagram to show...

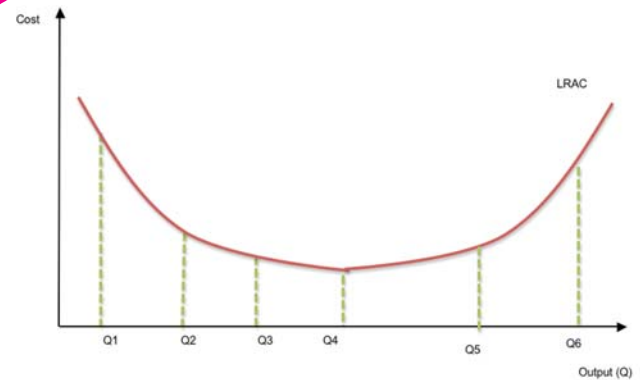
The effects on employment of a recession

A diagram to show...

The effect on employment of austerity measures

A diagram to show...

The effects on employment of a fall in exports



A diagram to show...

Internal economies and diseconomies of scale

A diagram to show...

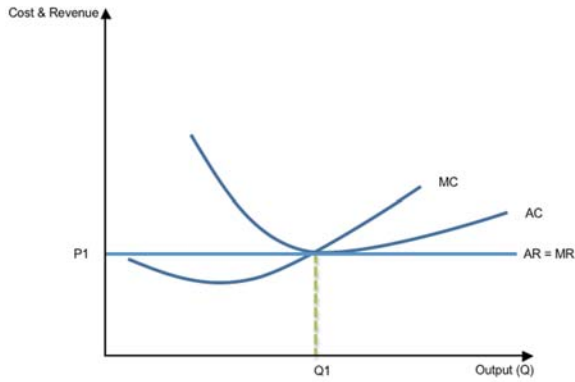
Minimum efficient scale

A diagram to show...

Productive efficiency

A diagram to show...

Effect on average cost when scale of production increases



A diagram to show...

Long run equilibrium in a perfectly competitive market

A diagram to show...

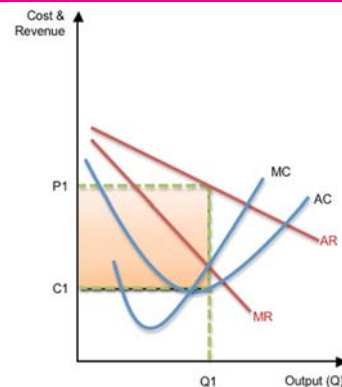
Allocative and productive efficiency

A diagram to show...

A firm earning normal profit only

A diagram to show...

Long run equilibrium in a market with zero barriers to entry



A diagram to show...

Supernormal profits signalling to other suppliers to join the market

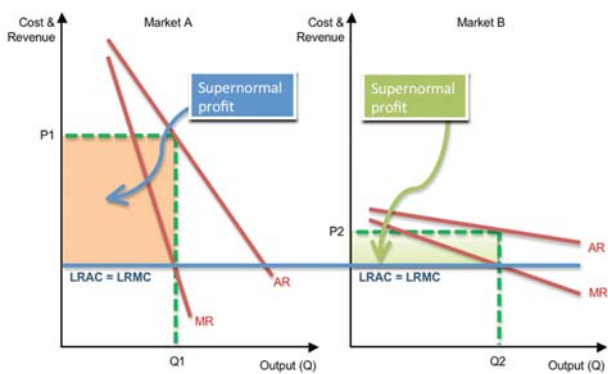
A diagram to show...

A monopolist making supernormal profits

A diagram to show...

A diagram to show...

The short run equilibrium in monopolistic competition



A diagram to show...

$AR > AC$

A diagram to show...

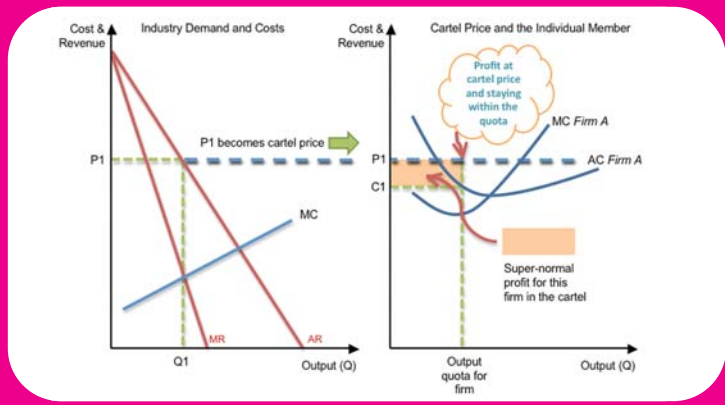
How a company can use cross-subsidisation to offer products at below cost in a secondary market

A diagram to show...

Peak and off peak pricing

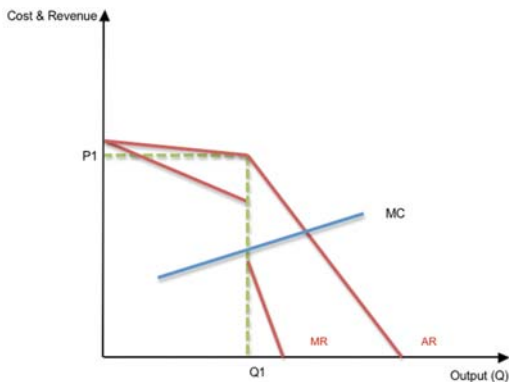
A diagram to show...

Differing price elasticity of demand for the same product



A diagram to show...

A cartel in action



A diagram to show...

Quotas for supply for individual members of a cartel

A diagram to show...

Price rigidity or price stability in oligopolistic markets

A diagram to show...

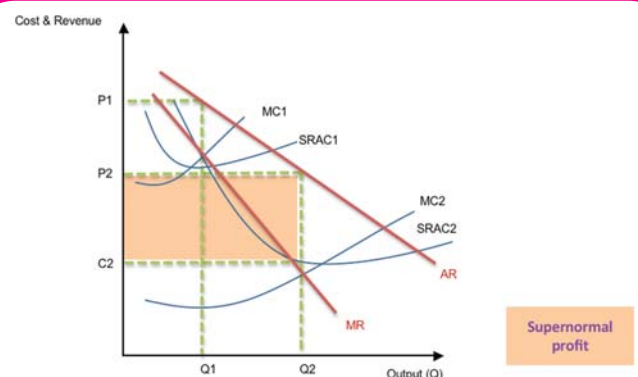
How different cost structures can lead to the same market price and output

A diagram to show...

There is non-price competition in oligopolistic markets

A diagram to show...

Why price wars may not be successful



A diagram to show...

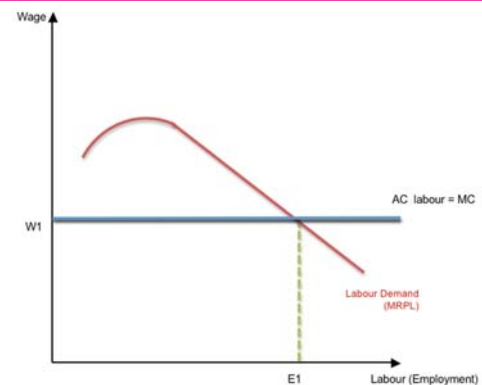
A decreasing cost industry

A diagram to show...

The effect of increasing the fixed factor of production over time

A diagram to show...

The effect on price and supernormal profit of increasing the scale of production in the short run

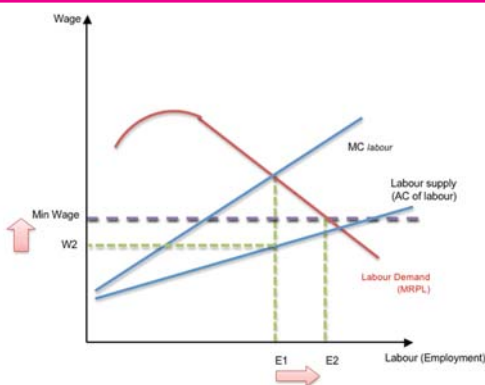


A diagram to show...

Wage rate determination in a perfectly competitive labour market

A diagram to show...

Employment determination for a profit maximising firm

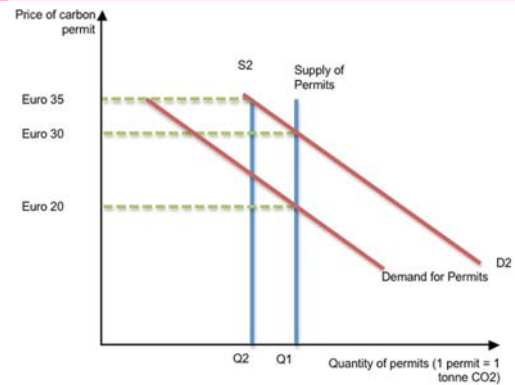


A diagram to show...

The effect of a minimum wage in a monopsony labour market

A diagram to show...

The effect of a trade union pushing up the wage rate in a monopsony labour market



A diagram to show...

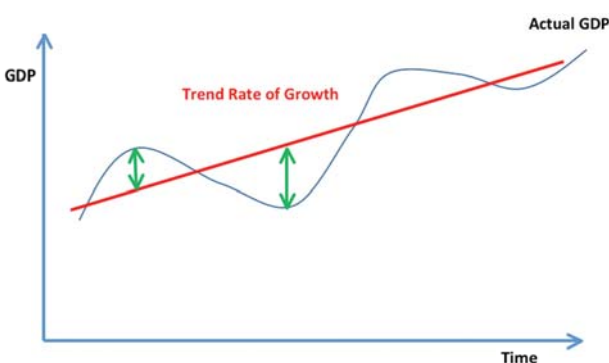
Government intervention to internalise the externality caused by pollution

A diagram to show...

How pollution permits can reduce pollution

A diagram to show...

The 'Polluter Pays' principle



A diagram to show...

The economic cycle

A diagram to show...

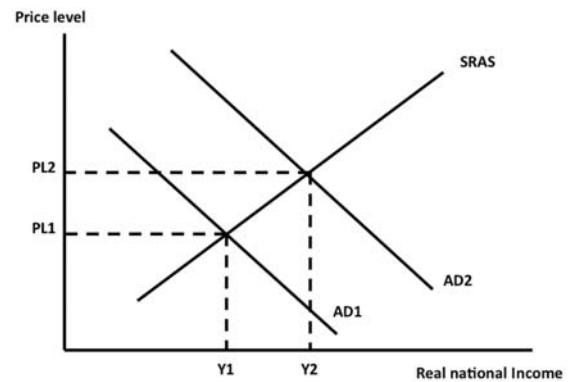
The 4 stages of the economic cycle

A diagram to show...

A positive and a negative output gaps

A diagram to show...

The trend rate of growth



A diagram to show...

A rise in consumption

A diagram to show...

A rise in investment

A diagram to show...

A rise in government spending

A diagram to show...

A rise in exports

A diagram to show...

A fall in imports

A diagram to show...

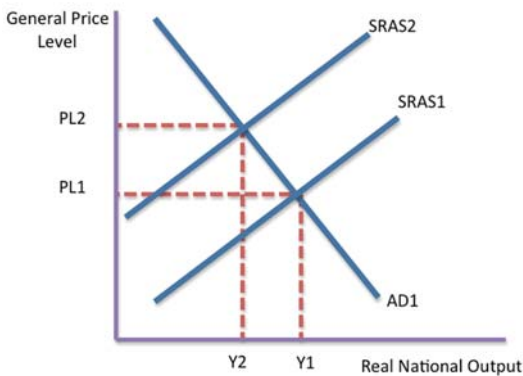
**Expansionary
monetary policy**

A diagram to show...

**Expansionary fiscal
policy**

A diagram to show...

**Demand pull
inflation**



A diagram to show...

**A rise in the general
costs of production**

A diagram to show...

**A rise in oil and/or
energy prices**

A diagram to show...

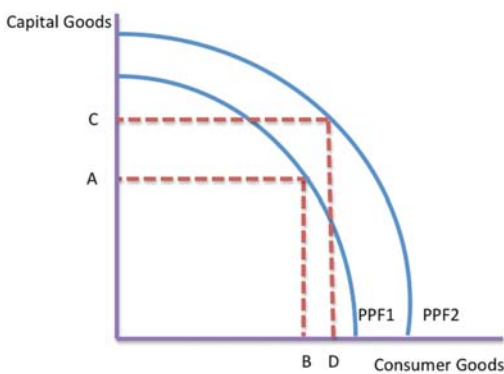
A rise in wage rates

A diagram to show...

Cost push inflation

A diagram to show...

A rise in the price of imported raw materials



A diagram to show...

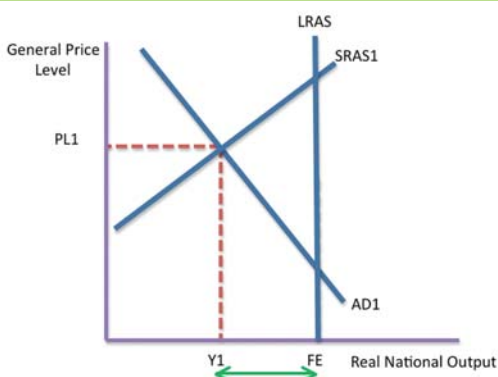
Growth in the productive potential of the economy

A diagram to show...

The effects of supply side policies in the long run

A diagram to show...

Actual and potential growth in an economy

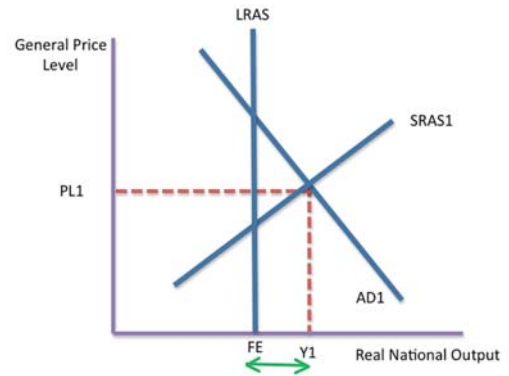


A diagram to show...

A negative output gap

A diagram to show...

Underemployment of resources or spare capacity in the economy

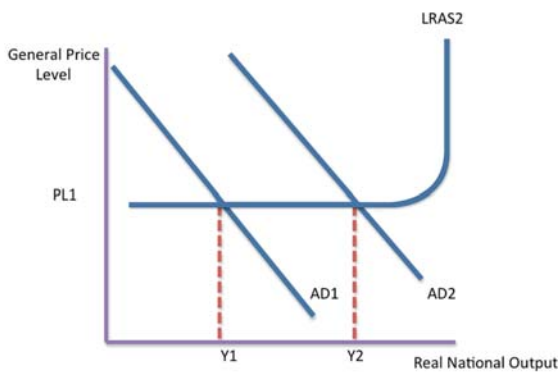


A diagram to show...

A positive output gap

A diagram to show...

An economy temporarily working beyond its productive capacity

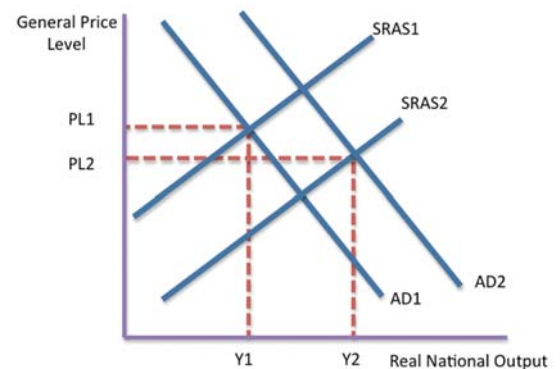


A diagram to show...

Keynesian support for demand-management policies

A diagram to show...

Non-inflationary short run growth



A diagram to show...

Expansionary monetary policy and a fall in the minimum wage

A diagram to show...

Falling real wage rates and an increase in the government's budget deficit

A diagram to show...

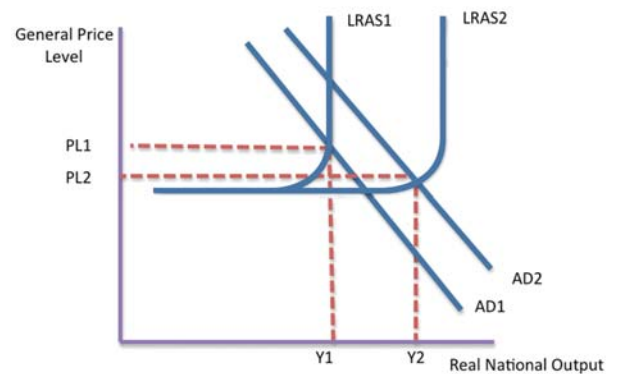
Successful supply side policies combined with expansionary demand management policies

A diagram to show...

A growing economy seeing falling general price levels

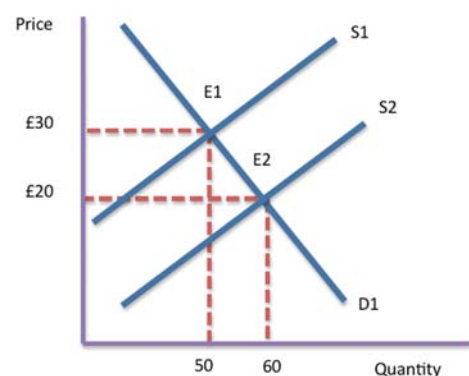
A diagram to show...

A rise in producer confidence levels prompting investment to rise and a fall in indirect taxes



A diagram to show...

A rise in exports resulting from improvements in productivity and export quality



A diagram to show...

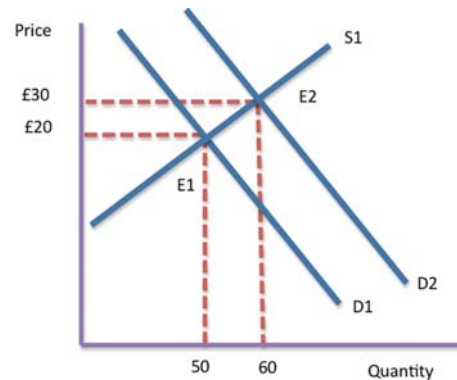
A government subsidy

A diagram to show...

Price elasticity of demand of -0.6

A diagram to show...

Price inelastic demand



A diagram to show...

Price elasticity of supply of +0.4

A diagram to show...

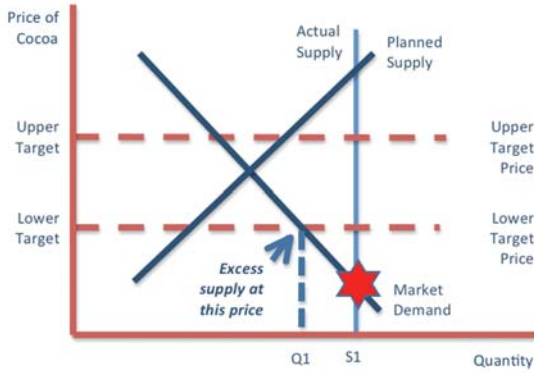
A rise in the price of a substitute good or service

A diagram to show...

Price inelastic supply

A diagram to show...

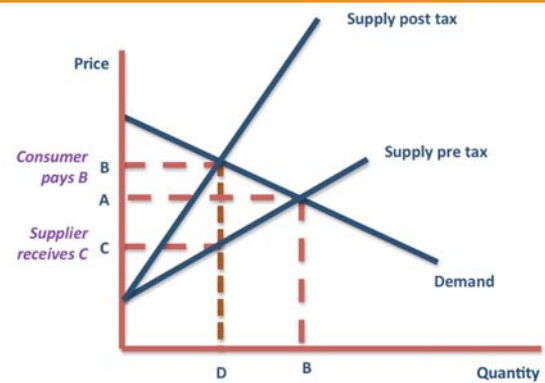
A fall in the price of a complementary good or service



A diagram to show...
A buffer stock system in action

A diagram to show...

Government intervention in order to stabilise volatile prices



A diagram to show...

The incidence of taxation on consumers and producers

A diagram to show...

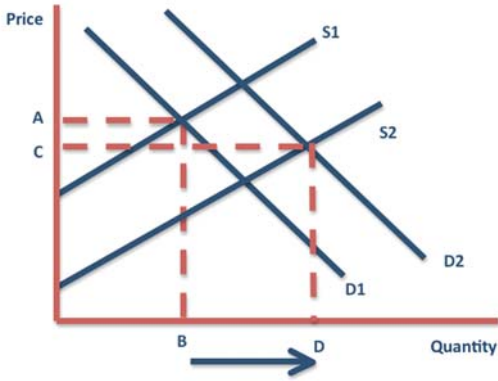
An indirect tax levied on a market

A diagram to show...

Government revenue generated from an indirect tax

A diagram to show...

An Ad Valorem tax



A diagram to show...

Market supply growth outstripping market demand growth

A diagram to show...

The price mechanism in action

A diagram to show...

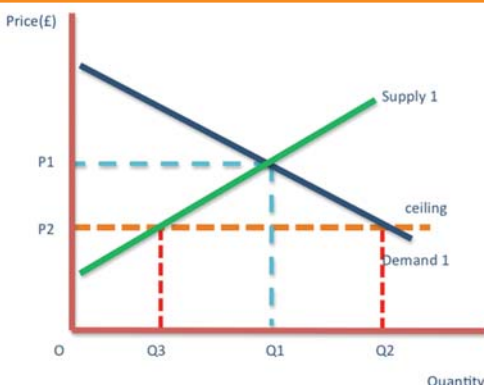
A government subsidy and a new advertising campaign

A diagram to show...

A large fall in wage rates and a rise in the population

A diagram to show...

A fall in energy costs and a rise in income



A diagram to show...

Government intervention to correct the underconsumption of a merit good

A diagram to show...

A maximum price

A diagram to show...

Direct price controls by the Government to lower the market price

A diagram to show...

A negative externality at the private market outcome

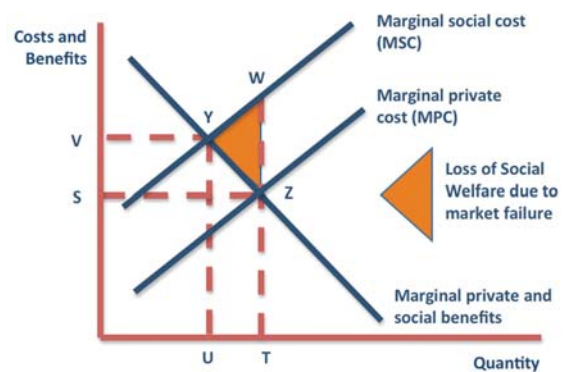
A diagram to show...

A deadweight loss of welfare/ a deadweight burden on society

A diagram to show...

Government failure causing excess demand

A diagram to show...

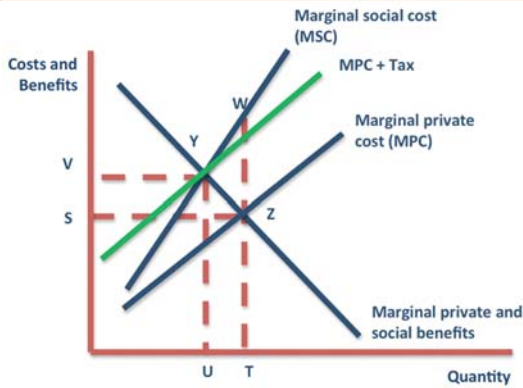


A diagram to show...

Market failure caused by spillover costs

A diagram to show...

Over consumption or over production causing market failure



A diagram to show...

Government intervention to internalise the externality

A diagram to show...

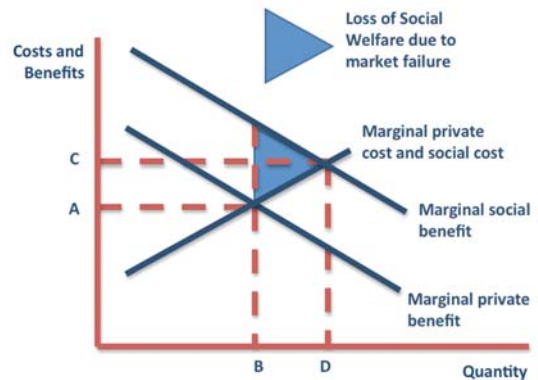
An indirect tax to solve a market failure caused by overproduction

A diagram to show...

The 'Polluter Pays' principle

A diagram to show...

A Pigouvian tax



A diagram to show...

A positive spillover benefit

A diagram to show...

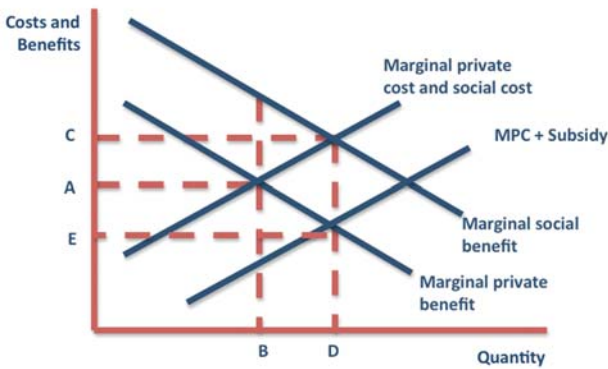
A positive externality

A diagram to show...

Under consumption of a merit good

A diagram to show...

The potential welfare gain to society from the consumption of a merit good



A diagram to show...

Government intervention to encourage consumption of a merit good

A diagram to show...

The potential welfare gain to society from the consumption of a merit good

A diagram to show...

The use of a subsidy to internalise the externality