

10.2 Links between macroeconomic problems and their interrelatedness

Name: _____ Class: _____ Date: _____

Total: 23 marks

KEY WORDS trade-off 取舍 • phillips curve 菲利普斯曲线

- links between macroeconomic problems 宏观经济问题的关联
- inflation 通货膨胀
- economic growth 经济增长

Objective

Build the skills to answer exam questions on the **links between macroeconomic problems** 宏观经济问题的关联 — how the objectives are **interrelated** and the main **trade-offs** 取舍 between them.

You must be able to:

- explain the main policy trade-offs
- analyse why gaining on one objective can cost another
- evaluate how a policy mix can ease a trade-off

1 Worked examples

■ Trade-offs between objectives

these goals pull against each other

lower unemployment $\Rightarrow$ higher inflation

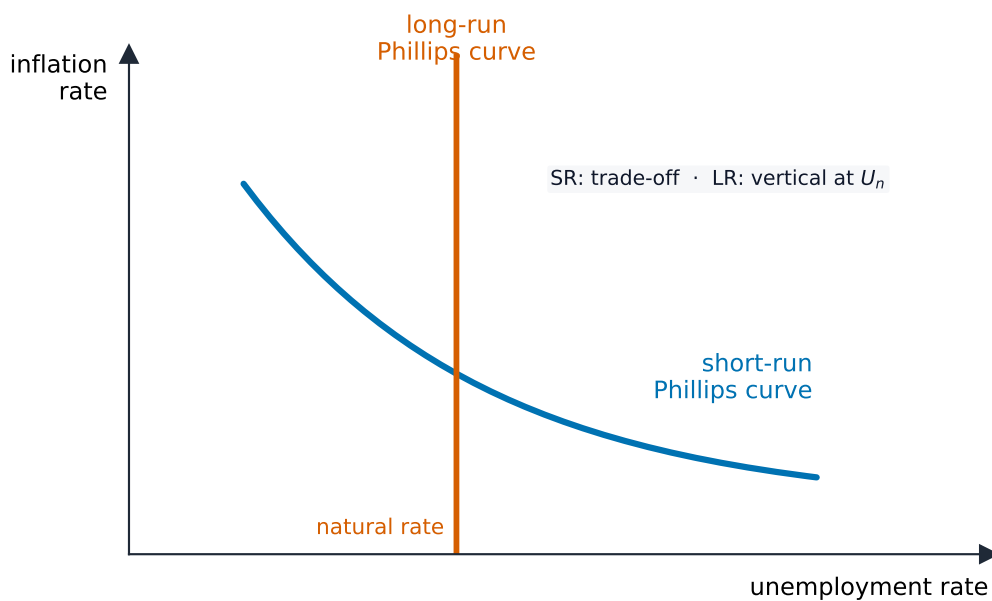
faster growth $\Rightarrow$ higher inflation

faster growth $\Rightarrow$ worse current account

faster growth $\Rightarrow$ more pollution

A clever policy mix tries to ease these clashes

- **Unemployment $\leftrightarrow$ inflation:** raising demand to cut unemployment pushes prices up (the **Phillips curve** 菲利普斯曲线).



The Phillips curve makes the unemployment–inflation trade-off concrete

- **Growth ↔ inflation:** fast demand-led growth can overheat the economy.
- **Growth ↔ balance of payments:** higher incomes pull in more imports.
- **Growth ↔ the environment / equality:** more output can mean more pollution and a wider gap.

Answer shapes: AO1 + AO2 + AO3 (analysis) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *trade-off* between objectives.

[2]

2.2 State one trade-off involving economic growth.

[1]

2.3 State which curve shows the short-run unemployment–inflation trade-off.

[1]

3 Exam-style questions

3.1 Faster demand-led growth is most likely to **worsen** the: [1]

A	B
C	D

A unemployment rate

B current account balance

C level of investment

D size of the labour force

3.2 Explain why faster economic growth can worsen a country's current account. [6]

[12]