

Contents

Chapter 1	1
The Foundations of Economics	
Chapter 2	9
1.1 Competitive markets – Demand	
Chapter 3	17
Competitive markets – Supply	
Chapter 4	24
1.1 Market equilibrium	
Chapter 5	32
1.1 Market efficiency	
Chapter 6	35
1.2 Elasticity – Price elasticity of demand (PED)	
Chapter 7	43
Elasticity – Cross price elasticity of demand (CED)	
Chapter 8	48
1.2 Elasticity – Income elasticity of demand (YED)	
Chapter 9	53
1.2 Elasticity – Price Elasticity of Supply (PES)	
Chapter 10	58
1.3 Government intervention – Taxes and subsidies	
Chapter 11	67
Market failure	
Chapter 12	76
1.5 Theory of the firm – Costs, Revenues and Profits (<i>HL Only</i>)	

Chapter 13	88
Theory of the firm – Perfect Competition (<i>HL only</i>)	
Chapter 14	94
Theory of the firm – Monopoly (<i>HL only</i>)	
Chapter 15	102
Theory of the firm – Monopolistic Competition (<i>HL only</i>)	
Chapter 16	108
Theory of the firm – Oligopoly (<i>HL only</i>)	
Chapter 17	117
Theory of the firm – Price discrimination (<i>HL only</i>)	
Chapter 18	121
Economic activity	
Chapter 19	128
The business cycle	
Chapter 20	132
Aggregate Demand	
Chapter 21	136
Aggregate Supply	
Chapter 22	140
Equilibrium AD-AS	
Chapter 23	146
The Keynesian Multiplier (<i>HL Only</i>)	
Chapter 24	151
Macroeconomic Objectives: Employment	

Chapter 25	159
Macroeconomic Objectives: Inflation	
Chapter 26	170
Macroeconomic Objectives: Economic growth	
Chapter 27	176
Equity in the distribution of income	
Chapter 28	182
2.4 Fiscal Policy – The government budget	
Chapter 29	185
2.4 Fiscal Policy – The role of fiscal policy	
Chapter 30	190
2.5 Monetary Policy: Interest Rates	
Chapter 31	193
Monetary policy – the role of monetary policy	
Chapter 32	198
Supply-side policies – The role of supply-side policies	
Chapter 33	202
Supply-side policies – Interventionist supply-side policies	
Chapter 34	205
Supply-side policies – Market-based supply-side policies	
Chapter 35	208
3.1 International trade - Free trade	
Chapter 36	214
3.1 International trade – Trade protection	
Chapter 37	223
3.2 Exchange rates	

Chapter 38	230
3.3 Balance of Payments	
Chapter 39	237
Economic integration	
Chapter 40	242
3.5 Terms of trade (<i>HL Only</i>)	
Chapter 41	248
Economic development - the nature of development	
Chapter 42	254
Economic development – Measuring development	
Chapter 43	259
Economic development – The role of domestic factors	
Chapter 44	264
Economic development – The role of international trade	
Chapter 45	268
Foreign Direct Investment and Multinational Corporations	
Chapter 46	272
The roles of foreign aid and multilateral development assistance	
Chapter 47	276
The role of international debt	
Chapter 48	280
The balance between markets and intervention	