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## Worksheet 2: Relationships between economic variables

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- 1 Scaracity and choice  
*The existence of the basic economic problem – scarcity, means resources have alternative uses and choices have to be made as to how to employ them to maximise economic welfare.*
- 2 Productivity and unemployment  

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- 3 Average incomes and life expectancy  

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- 4 Technological advancement and productive potential  

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- 5 The price mechanism and resource allocation  

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- 6 Increase in supply and equilibrium price  

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- 7 External costs and market failure  

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- 8 Inflation and store of wealth as a function of money  

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- 9 Discrimination and wage differentials  

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10 Horizontal integration and economies of scale

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11 Increase in output and total costs

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12 Competitive markets and consumer choice

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13 Contractionary fiscal policy and economic growth

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14 Expansionary monetary policy and inflation

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15 Deregulation and aggregate supply

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16 National output and cyclical unemployment

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17 Real GDP per head and living standards

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18 Progressive taxation and poverty

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19 Increase in population and optimum population

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20 Specialisation and free trade

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21 MNCs and unemployment

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22 PED and export revenue

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23 Current account surplus and GDP

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