



Worksheet 2: Formulae answers

Economic term	Formulae
PED =	$\frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}}$
MED =	$\frac{\text{percentage change in quantity demanded}}{\text{percentage change in income}}$
CED =	$\frac{\text{percentage change in quantity demanded of good X}}{\text{percentage change in quantity demanded of good Y}}$
TOT =	$\frac{\text{export price index}}{\text{import price index}} \times 100$
Labour productivity =	$\frac{\text{output produced}}{\text{number of labour hours}}$
Gini coefficient =	$\frac{a}{a + b}$, where a = area above Lorenz curve and b = area below Lorenz curve
Unemployment rate =	$\frac{\text{number of unemployed people}}{\text{labour force}} \times 100$
MRT =	$\frac{\text{change in tax amount}}{\text{change in income}}$
ART =	$\frac{\text{tax amount}}{\text{total income}} \times 100$
MPC =	$\frac{\text{change in consumption}}{\text{change in income}}$
MPT =	$\frac{\text{change in tax}}{\text{change in income}}$
MPM =	$\frac{\text{change in imports}}{\text{change in income}}$
APC =	$\frac{\text{consumption}}{\text{income}}$
APS =	$\frac{\text{saving}}{\text{income}}$
Expenditure multiplier =	$\frac{1}{\text{marginal propensity to withdraw}}$



Economic term	Formulae
Real income =	$\text{Money income} \times \text{DGP deflator}$
GDP deflator =	$\frac{\text{price index of base year}}{\text{price index of current year}}$
Unit labour cost =	$\frac{\text{wage/hour}}{\text{output/hour}}$
MC =	$\frac{\text{change in total cost}}{\text{change in output}}$
AP =	$\frac{\text{total output}}{\text{labour employed}}$
MRP =	$\text{Sale Price} \times \text{MR}$
MP =	$\frac{\text{change in total output}}{\text{change in number of workers}}$
MEW =	$\text{Real per capita income} + \text{Leisure time} - \text{Negative externalities}$