

Ireland ADAS exercise:

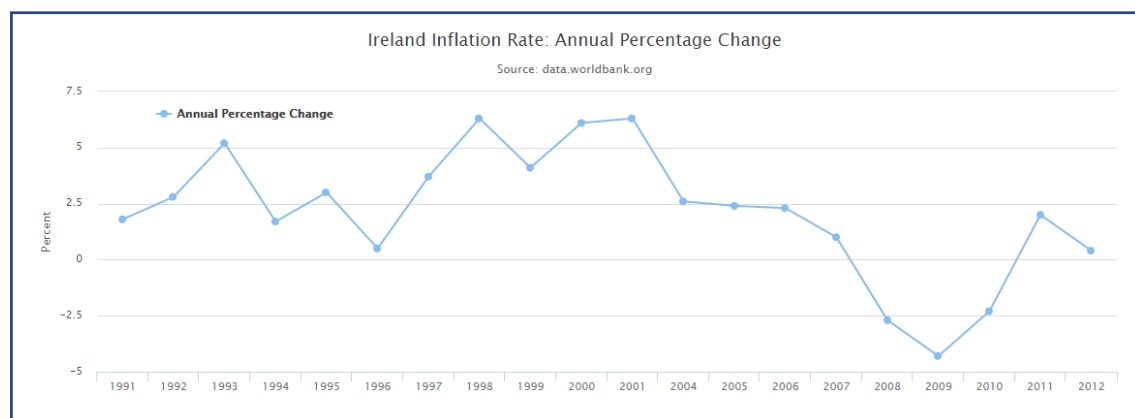
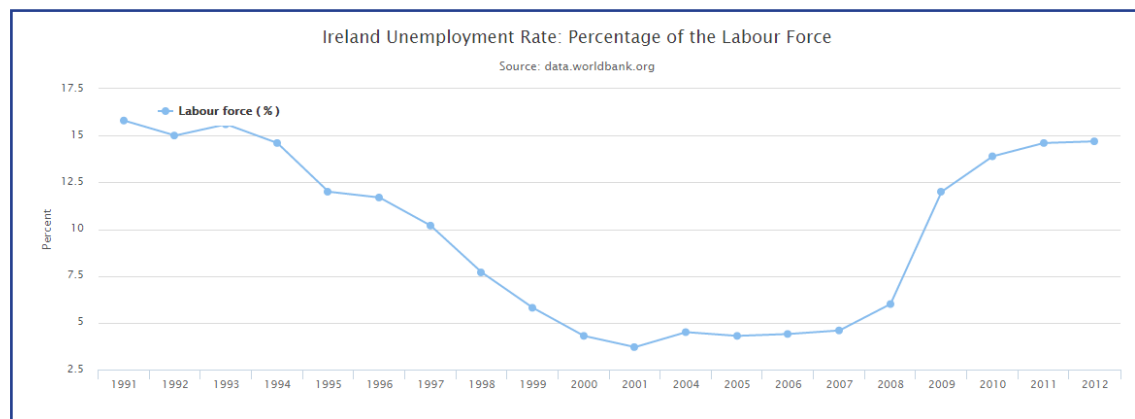
Instructions:

This is another consolidation exercise for AD/AS which takes students through the Irish economic miracle of the 1990s through to the housing collapse during the credit crunch. The story ends in 2011, because it has all of the relevant AD/AS factors covered, but you could extend it to the present date easily enough – the charts are all from trading economics (<http://www.tradingeconomics.com/ireland/indicators>).

This is again probably best run as a pairs/small group based exercise, so that they can argue about what is right.

At the end, there is a link to a BBC video report looking at the impact of the housing collapse – linking back to the section on investment.

Look at the data for Ireland:



Between 1994 and 1999, what is happening to AD?

What would you expect to happen to unemployment, and why?

What does happen to unemployment?

Look at inflation (1996-99) – what happens to it?

Draw an AD/AS analysis to explain what you think is going on:



Now look at the year 2000 – what is now happening? Adapt your diagram above to show this.

What happens to AD, unemployment and inflation (on average) between 2001 and 2007?

Show this using AD/AS analysis:



Finally, use AD/AS analysis to explain what happens in Ireland between 2007 and 2011:



Impact of the housing collapse:

<http://www.bbc.co.uk/news/business-23548452>