**RWS#1: Introduction to Macroeconomics (Economy Analysis)**

**Due for:**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarizing the work from the last two weeks. The work should be taking you* ***up to 2 hours*** *to complete and should consist of a 1 A4 double paged summary based on the questions below. Please print out a double sided version to be handed in and marked on the date above (emails will not be accepted so make sure you are printing off your sheet before the lesson).*  *Remember to use all of the space over your two sides of A4 and make sure the ‘margins’ in Word are put as ‘narrow’. Feel free to reduce the size of the font if you are running out of space but nothing less than size 10. A better way to reduce would be to reread what you have written and try to be more succinct; it must fit onto two sides of A4 only!*  *You should be reading and using all the compulsory resources below (remember you will have already read an awful lot of these for homework and in class but there are a few extras I want you to read.*  *This revision worksheet should be taking you 2.5 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next hour reading any extra information or clarifying concepts if you do not understand them. Then use the final 45 minutes to edit the work, make it look pretty and print it off.*  *REMEMBER THAT IF YOU DO NOT HAVE A PRINTER AT HOME YOU MUST FIND TIME BEFORE THE LESSON TO PRINT IT OFF AT COLLEGE*  *ALSO MAKE SURE THAT AS WELL AS STORING A COPY ON A MEMORY STICK, YOU ALSO EMAIL YOURSELF SO THERE CAN BE NO COMPUTER ISSUES WHEN IT COMES TO PRINTING OFF YOUR WORK* |
| **SOURCES**  **COMPULSORY (YOU MUST USE)**   * Notes you have taken in class * Powerpoint – especially for circular flow of income * Course textbook (available online or in the library) – pages 18 and 139 to 148 * PREP homework – notes we reviewed in class which you prepared at home   **EXTENSION (IF YOU HAVE TIME, TRY TO READ 1 or 2 OF THESE – I am not sure you will be able to read all of them!!!)**   * EconomicsHelp Website – look up Macroeconomic Indicators and Objectives * Tutor2U website – look up the same   **ALL OF THESE RESOURCES CAN BE FOUND ON GODALMING ONLINE – ANY ISSUES, EMAIL OLLY on** [**ods@godalming.ac.uk**](mailto:ods@godalming.ac.uk) |

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| **SPECIFIC INSTRUCTIONS:**  **TITLE: Introduction to Macroeconomics**  **What is an Economy? (1/2 side of A4)**   * What is macroeconomics? A quick explanation and brief history * What is the difference between a ‘planned economy’ and a ‘command economy’? Use examples to illustrate your points. * Where is the UK economy on the spectrum between pure planned economy and pure market economy today? Where was it between 1940’s’ and 1970’s? Where was it between the 1980’s and 2000’s? If you are struggling with this answer, make sure you have read page 18 of the textbook like you are supposed to!? ☺ * Production Function: Explain the production function and also the four sectors of output in the economy (e.g. primary, secondary, tertiary and the more controversial quarternary (isn’t it just tertiary some argue)) * What is GDP and GDP per capita? Why is it an important statistic in measuring how well an economy is performing? * Who’s who: Name a few of the key people in the economy   1. UK economy? – Prime Minister, Chancellor of the Exchequer and the Governor of the Bank of England   2. US economy – President and Governor of the Federal Reserve   3. Euro-zone – Governor of the ECB (European Central Bank)   **Modeling the Economy: PPF and Circular Flow of Income Model** **(1 side of A4)**   * Define the five institutions that can constitute an economy (households, firms, Government, financial institutions and foreign countries) using at least one example for each * Circular flow of income – draw a five sector model and explain how this represents the money flows in the economy. Remember to draw a distinction between the ‘closed economy’ and an ‘open economy’ * Production Possibility Frontier – draw a PPF for an economy producing two goods (Capital and Consumer Goods). Explain what consumer and capital goods represent in the economy. What would happen to living standards in the long run and short run if we produced more consumer goods and less capital goods? Draw three points on the PPF representing ‘underproduction’, ‘overproduction’ and ‘full production’   **Macroeconomic Objectives and Indicators Introduction (1/2 side of A4)**   * Briefly define the following key indicators: Economic Growth, Unemployment, Inflation and the Balance of Payments * For each indicator, explain what the objective for Government’s is in achieving a ‘good outcome’ for the economy * Provide the macroeconomic indicator statistics for the UK and USA (probably in a table) and come to a conclusion about which is the ‘better economy’ using statistics to justify your answer * What is happening in the UK economy at the moment (read the article on GOL and summarise briefly) |