**RWS#8: Supply Side Policies**

**Due for: Monday 25th March 2019**

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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 **2.25 to 3 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 maybe a few extras I want you to read.  This revision worksheet should be taking you 2.25 hours minimum…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**   * Course Textbook (access through library website or link from previous email) – pp 259-266 * Class and PREP homework notes (in your bag!)   **EXTENSION (IF YOU HAVE TIME, TRY TO READ OR WATCH THESE)**  Economics Help Website  Tutor2U Website  **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: RWS8 – Supply Side Policies**  **Introduction to Supply Side Policies (1/2 a side of A4)**   1. Define supply side policies using the concepts of ‘free market’ and ‘interventionist’ supply side policies to help. 2. Explain using real-life examples, how supply side policies affect the quality and quantity of labour and capital (the four strands of analysis to explain how supply side policies improve the productive capacity of the economy). There must be at least two examples with detail for each strand of analysis. 3. For each example you give, explain why this might not increase the productive capacity of the economy?   **Supply side policies and the productivity puzzle (1/2 a side of A4)**   1. Explain what the productivity puzzle is in the UK economy? 2. What measures might the Government take to solve this issue? 3. Why might they not work?   **Supply side policies, Diagrammatical Analysis and Macroeconomic Indicators (3/4 side of A4)**   1. Draw a PPF diagram for a macro economy and demonstrate what might happen to the curve as a result of Supply Side Policies 2. Using an AD/AS diagram (AD and LRAS but no SRAS) show what effect supply side policies might have on the domestic indicators of economic growth, unemployment and price levels (make sure you refer to the diagram for each one and remember it is only implicit with unemployment). Although you are unable to show it explicitly on the diagram also comment on the ‘balance of payments’ as a result of the policy…there might be more than one explanation. 3. Using an AD/AS diagram (AD, LRAS and SRAS) show what effect supply side policies that improve the productivity of the economy both lead to an increase in the LRAS but also a natural increase in the AD to maintain the price level. Provide an explanation as to why this is happening and explain why it is beneficial to ALL Macroeconomic indicators (growth, price levels, unemployment and balance of payments). Then provide an evaluation to this explanation – explain why some of these benefits might not occur   **Supply side policies advanced key terms and issues (1/4 side of A4)**   1. What is the difference between ‘day to day’ spending and ‘investment spending’? Using examples, can you explain why it is more acceptable to get into debt for investment spending rather than day to day? 2. What is the neo-liberal (or ‘free market’) agenda when it comes to supply side policies? 3. Draw the ‘laffer curve’ and explain what it potentially shows for incentive effects with taxation? 4. What is the ‘trickle-down effect’ in Economics? |