**RWS #18: Fiscal and Supply Side Policies**

**Due for w/b 5th February 2018**

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| **GENERAL INSTRUCTIONS:**  *Please complete a revision worksheet summarizing the work from the last two to three 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 2.25 to 3 hours…I suggest you spend 45 minutes writing up all your notes from class into a rough draft. Then, spend the next 45m-1.5hrs reading the compulsory resources and any extra information or clarifying concepts if you do not understand them. Then use the final 30-45 minutes to edit the work, make it look pretty and print it off.*  *When you hand in these revision worksheets, they are not speculative attempts to see if you understand the material; I am expecting you to have spent the time in and out of the classroom learning it. Thereforeo make use of the extra support available to you: (1) emails to Olly to seek clarification on specific points (2) Economics lunchtime workshop drop ins on Mondays, Wednesdays and Fridays in room 206 (3) 1-2-1 15 minute slot outside of lessons.*  *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**   1. **TEXTBOOK (see GOL Library Page to download for free or buy online - £20-25):** pp 265-297 2. **NOTES:** Class and PREP homework notes (in your bag!) including department worksheets issued in class (available on GOL). Remember to include the PREP work as well! This is important for context and case studies. 3. **POWERPOINT:** See the powerpoint slides on GOL. 4. **ARTICLES:** No articles for this one – read textbook vital.   **EXTENSION (IF YOU HAVE TIME, TRY TO READ OR WATCH THESE)**   1. ARTICLES: No articles – textbook vital. 2. Recommended Websites:    1. Economics Help Website    2. Tutor2U Website 3. Other specific resources?   **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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| **TITLE: RWS 18: Fiscal and Supply Side Policies**  **Introduction to the Policies and Economic Analysis (2/3 side of A4)**   * What are the similarities and differences of fiscal and supply side policies? Think micro and macro effects, influence on demand or supply side, time differences in terms of impacts etc. * Draw two AD/AS diagram to show a short run demand side effect of fiscal policy with the economy originally in short run equilibrium behind the LRAS. The second diagram should show a long run supply side effect of a supply side policy (assume economy in long run equilibrium). Explain how both of these diagrams show the effect on price levels and economic growth? Also, what can we infer about the impact on reducing unemployment from these two policies (i.e. reducing negative output gap and moving the long run equilibrium point to the right); show how can you refer to the diagram to explain this? * Apart from specific supply side policies, what else might shift the LRAS to the right? Why might this naturally increase the AD curve as well to maintain the price level? (HINT: Think about how productivity might affect the MRP of workers…..) * Briefly explain the concept of the NAIRU or Natural Rate of Unemployment * Use two Philips curve diagrams (so SRPC and LRPC on each) to show the effects of fiscal policy in the short run (assume we have unemployment greater than the NAIRU) and the effects of supply side policies on the long run (assume we are on the NAIRU). Use this analysis to help explain when is it suitable to use demand side or supply side policies to reduce unemployment. * Provide examples of ‘free market’ and ‘interventionist’ supply side policies and provide a brief history of supply side policies in the UK since 1980’s   **The Budget, Taxation and Government Spending (1/3 side of A4)**   * What is the Office of budget Responsibility and what is its role? * What are ‘fiscal rules’ and explain the fiscal rule that George Osborne adopted from 2010 onwards * The types and reasons for Government Spending * Types (and examples) of taxes: progressive (income tax), regressive (VAT or sales tax), proportial, direct (income tax), indirect (VAT or sales tax) * Why do Government’s raise taxes? * What are the key principles of good taxation (equity   **The deficit and the national debt (1/3 side of A4)**   * What is the difference between a cyclical deficit, a structural deficit and the national debt * Provide a brief history of the deficit history in the UK * Explain how a deficit and surplus might affect the four macroeconomic indicators * Provide a brief history of the National Debt   **Evaluating the policies (1/3 side of A4)**   * Evaluate both fiscal policy and supply side policy (HINT: use a table that shows the advantages and disadvantages for each policy. Remember to use these key words: ‘crowding out’, ‘crowding in’, ‘the multiplier effect’, ‘automatic stabilisers’ etc.   **UK’s response to the Financial Crisis of 2008 (1/3 side of A4)**   * State what the economic policy direction was of these periods in response to the financial crisis of 2008   + Gordon Brown and Alastair Darling’s New Labour Government from 2008-2010   + David Cameron and George Osbornes Coalition Government from 2010-2015 and his Conservative Government from 2015 to 2016   + Theresa May and Philip Hammonds Conservative Government from 2016 to 2018 * Evaluate George Osborne’s period of Austerity from 2010 to 2016 (remember both sides of the story and try to make it 3 clear points like an essay. |

**REMEMBER YOU NEED TO SUMMARISE THESE SUB-TITLES onto only 1 A4 PIECE OF PAPER (double sided – please use all available space; aim for narrow margins and make sure your fonts are not too big)**

**PLEASE DO NOT LEAVE THIS TILL THE LAST MINUTE. START IT EARLY AND THEN YOU CAN SEE ME IF THERE ARE ANY PROBLEMS**