**RWS#1 MACRO: Fiscal and Supply Side Policy**

**Due w/c 15th October 2018 – 2 sides of 1 single A4 sheet (printed and ready for collection)**

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| **GENERAL INSTRUCTIONS:**  Produce a revision worksheet to summarise your work done on **Fiscal Policy** and **Supply-Side Policy**. This piece of work should be taking you up to **2 hours** to complete and should consist of **two sides,** of **one single A4 sheet**. Ensure your revision worksheet is **word processed** and printed off your **BEFORE the lesson**. It must all fit onto one page of A4 paper – double sided!!! You need to set your **margins to narrow** and **reduce the font size** to fit it all in! Work on the sheet as you go along – you may receive other home work in addition to this! | |
| **SPECIFIC INSTRUCTIONS:**  **TITLE: Fiscal and Supply Side Policy**   1. **BASICS (1/2 a side of A4)** 2. Describe the contents of a budget (i.e. what type of Taxation (T) and Government spending (G) take place with the UK) – you will need the textbook for a lot of this. 3. Compare fiscal policy and supply side policies (both similarities and differences) 4. Explain the difference between a cyclical and structural budget deficit? 5. Explain the distinction between a ‘free market’ and ‘interventionist’ supply side policy. 6. Provide a recent history of fiscal policy in the UK i.e. what has happened to T and G since the Coalition Government of 2010 – BE SPECIFIC about which types of G and T have been altered. 7. **AD/AS Analysis (1/2 a side of A4)** 8. Explain (using a diagram) the demand side effects of a budget deficit and surplus. 9. Explain (using a diagram) the long run effects of fiscal policy on the supply side of the economy. 10. What is the role of supply side policies in affecting macro and microeconomics within an economy? 11. Define automatic stabilisers and explain how they work. 12. Explain the two concepts of ‘Crowding Out’ and ‘Crowding in’ - why are these concepts controversial? 13. **GOVERNMENT BORROWING (1/2 side of A4)** 14. Explain how the Government borrows money by issuing ‘BONDS’ (known as GILTS). 15. Greece v UK – who pays a higher rate of interest on their debt financing (bonds) and why? 16. Explain the difference between the ‘National Debt’ and the ‘Public Sector Net Cash Requirement’ 17. What are ‘Fiscal Rules’ and provide some examples in the UK since 1997. 18. **ISSUES WITH FISCAL AND SUPPLY SIDE POLICIES TODAY (1/2 side of A4)**   For both questions, write down three main arguments on either side with detail and reach a conclusion   1. ‘Supply side policies are the key to improving economic performance of the UK economy’. To what extent do you agree with this statement? 2. To what extent is the current Government’s policy of ‘Austerity’ the right economic policy for the UK from 2010 to 2015 (as opposed to ‘counter-cyclical policy’ advocated by Keynes) to combat the downturn caused by the Financial Crisis? | |
| **SOURCES**  **You may want to use**   * **Textbooks Chapter 9 (p265-297) – AQA Economics 2 (Powell) – COPIES AVAILABLE IN THE LIBRARY!** * Class notes, Worksheets and Powerpoint (on GOL) * Tutor2u FP: <http://www.tutor2u.net/economics/reference/fiscal-policy-revision-presentation> * Tutor2u SSP: <http://www.tutor2u.net/economics/reference/supply-side-policies-video> * Austerity: <http://www.debatingeurope.eu/focus/infobox-arguments-for-and-against-tougher-austerity/#.V9kdVU32bop> | **EXTENSION**   * SSP:<http://www.tutor2u.net/economics/reference/supply-side-issues-for-the-uk-economy> * Austerity:<http://www.nybooks.com/articles/2013/06/06/how-case-austerity-has-crumbled/> * Austerity:<http://www.bbc.co.uk/news/business-33270070> |