Introduction to Supply Side Policies Online Lesson: Accompanying Worksheet

Introduction to Supply Side Policies Distinguish between monetary policy, fiscal policy and supply side policy: Draw a PPF diagram to illustrate the impact of supply Draw an AD/AS diagram to illustrate the impact of side policies supply side policies Briefly explain how supply side policies could improve performance against each of the following macroeconomic objectives: Steady economic growth



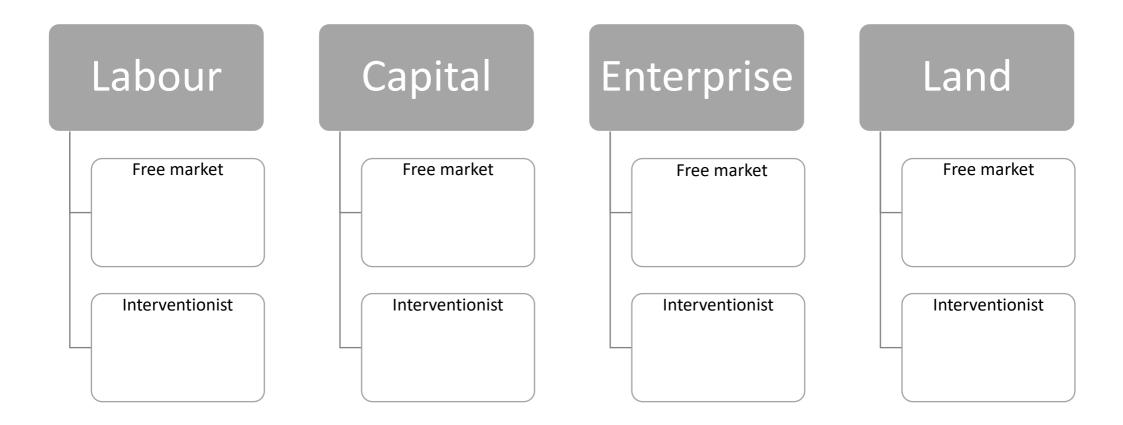
Stable prices / low inflation

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nce between each of	the following key	terms:	
Productivity			
SR growth			
Interventionist policies			
Supply side improvement			
examples of free-ma	rket and interventi	ionist supply-side policies:	
		Interventionist	
	Productivity SR growth Interventionist policies Supply side improvement	Productivity SR growth Interventionist policies Supply side improvement	Interventionist policies Supply side improvement examples of free-market and interventionist supply-side policies:



For each of the F.O.P's below, can you suggest i) a free market SSP that could improve the quantity or quality of that F.O.P and ii) an interventionist SSP for that F.O.P.?



Use a separate piece of paper for this task. Select one free market supply side policy and one interventionist supply side policy. For each one, write a detailed analytical paragraph explaining carefully how each leads to rising productive potential in an economy. There is an example in the accompanying video to help you.



Outline some of the key supply side issues in the UK economy:
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In the online video, you are presented with some data charts relating to the UK economy and some of its supply side issues. Summarise the data here:
Briefly outline some of the reasons why the UK has a "productivity problem":

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Analyse why higher productivity is important for an economy.
Use the data that you've seen and your new knowledge of supply-side policies. Can you suggest a "policy prescription" for how the UK government could tackle the productivity issue? Remember to justify your answer! Write your answer on a separate piece of paper.
Extra material on flexible labour markets
Follow the link in the Online Lesson to the activity on flexible labour markets.
Explain what is meant by a flexible labour market:
In what ways can a labour market be flexible?

