

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 side policies	Draw an AD/AS diagram to illustrate the impact of 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	



Low unemployment	
Balanced trade	
Reduce inequality	
Balanced budget	
Improve the environment	

Explain the difference between each of the following key terms:

Production	Productivity	
LR growth	SR growth	
Free market policies	Interventionist policies	
Supply side policy	Supply side improvement	

Summarise some examples of free-market and interventionist supply-side policies:

Free market	Interventionist



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.?

Labour	Capital	Enterprise	Land
Free market	Free market	Free market	Free market
Interventionist	Interventionist	Interventionist	Interventionist

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:

- [illegible]

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:

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Briefly outline some of the reasons why the UK has a "productivity problem":



This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

Extra material on flexible labour markets

Explain what is meant by a flexible labour market:

In what ways can a labour market be flexible?