

Subject		Year	Term
Economics (macro)		Year 12	2
Topic			
Economic performance (3.2.3) How the macroeconomy works (3.2.2)			
Content (Intent)			
Prior Learning – Students should understand the significance of the key economic objectives, they will then learn how changes in economic variables impact economic performance			
3.2.3.1	Economic growth and the economic cycle	<ul style="list-style-type: none"> • The difference between short-run and long-run growth. • The various demand-side and supply-side determinants of short-run growth of real national income and the long-run trend rate of economic growth. • The concept of the economic cycle and the use of a range of economic indicators, such as real GDP, the rate of inflation, unemployment and investment, to identify the various phases of the economic cycle. • The difference between positive and negative output gaps. • How demand-side and supply-side shocks, including those that occur in the global economy, affect domestic economic activity 	
3.2.3.5	Possible conflicts between macroeconomic policy objectives	<ul style="list-style-type: none"> • How negative and positive output gaps relate to unemployment and inflationary pressures. • How economic policies may be used to try to reconcile possible policy conflicts both in the short run and the long run 	
3.2.2.3	The determinants of aggregate demand	<ul style="list-style-type: none"> • What is meant by AD. • The determinants of AD, ie the determinants of consumption, investment, government spending, exports and imports. • The basic accelerator process. • The determinants of savings. • The difference between saving and investment. 	
3.2.2.4	Aggregate demand and the level of economic activity	<ul style="list-style-type: none"> • The role of AD in influencing the level of economic activity. • The multiplier process and an explanation of why an initial change in expenditure may lead to a larger impact on local or national income. 	
3.2.2.2	Aggregate demand and supply	<ul style="list-style-type: none"> • Changes in the price level are represented by movements along the aggregate demand (AD) and aggregate supply (AS) curves. 	

		<ul style="list-style-type: none"> • The various factors that shift the AD curve and the short-run AS curve. • The factors which affect long-run AS distinguish them from those which affect short-run AS. • Underlying economic growth is represented by a rightward shift in the long-run AS curve. • How to use AD/AS diagrams to illustrate macroeconomic equilibrium. • How both demand-side and supply-side shocks affect the macroeconomy
3.2.2.5	The determinants of short run aggregate supply	<ul style="list-style-type: none"> • The price level and production costs are the main determinants of the short-run AS. • Changes in costs, such as: money wage rates, raw material prices, business taxation and productivity, will shift the short run AS curve.
3.2.2.6	The determinants of long run aggregate supply	<ul style="list-style-type: none"> • The fundamental determinants of long-run AS such as technology, productivity, attitudes, enterprise, factor mobility, and economic incentives. • The position of the vertical long-run AS curve represents the normal capacity level of output of the economy.
3.2.2.1	Circular flow of income	<ul style="list-style-type: none"> • What national income measures. • The difference between nominal and real income. • Real national income as an indicator of economic performance. • The circular flow of income concept, the equation $\text{income} = \text{output} = \text{expenditure}$, and the concepts of equilibrium and full employment income. • The difference between injections and withdrawals into the circular flow of income. • The effect of changes in injections and withdrawals on national income.

Future Learning: These objectives are fundamental to the macroeconomics throughout Year 12 and Year 13. Students will learn key reasons for the changes in these before looking at how policies are used to try and improve economic performance.

How will knowledge and skills be taught? (Implementation)	How will your understanding be assessed & recorded (Impact)
This topic will involve links to the four assessment objectives throughout and will include, but not be limited to: <ul style="list-style-type: none"> - Teacher led lesson content - Independent learning tasks - Group discussion/debates and questioning - Using economic terminology - Reference to economic examples throughout 	<ul style="list-style-type: none"> - Past Paper responses and essays. Marked and feedback given. - Verbal responses. Individual and class feedback given.

How can parents help at home?

- Discussing ideas and content at home & linking it to real world situations that they are aware of.
- Watch the news and/or read a good quality newspaper
- Watch any topical films or documentaries that link to economics e.g. Panorama, dispatches etc.
- Support us with our department's high expectations of spelling, grammar, punctuation, and minimum standards.

Helpful further reading/discussion

Reading

- Economics A level textbooks
- Tutor 2u website and YouTube channel
- www.econplusdal.com
- <https://www.tutor2u.net/>
- BBC website for current economics articles

Vocabulary Key Words

- Economic cycle
- Positive and negative output gaps
- Demand and supply side shocks
- Aggregate demand
- Consumption
- Investment
- Savings
- The multiplier effect
- The accelerator process
- Short-run aggregate supply
- Productivity
- Long-run aggregate supply
- Factor mobility
- Circular flow of income concept
- Injections
- Withdrawals

Careers Links

A level economics develops skills and knowledge that help in a wide range of careers. An understanding of how changes in economic variables impacts the economic environment that firms operate in is useful for careers in a wide range of industries. Data handling and interpretation skills, along with the ability to construct alternative arguments to a problem before drawing conclusions are valued in many careers.