Year 12 Economics – Course outline Macroeconomics
2020-2021

		Students have 4 lessons per cycle/fortnight Homework is set every 2 lessons	
	Topic and approximate duration	**Key learning areas** **Students should be able to:**	**Homework Options** **Students will be guided by the class teacher as to which level to complete (according to target level)**

Autumn Term 1	**Measures of economic performance (8 weeks)** Macroeconomic indicators	Students should know: The main objectives of government macroeconomic policy: economic growth, price stability, minimising unemployment and a stable balance of payments on current account. The possibility of conflict arising, at least in the short run, when attempting to achieve these objectives. Students should be aware that governments may also have other objectives of macroeconomic policy, such as balancing the budget and achieving an equitable distribution of income. They should be aware that the importance attached to the different objectives changes over time. Students will learn: Data which is commonly used to measure the performance of an economy, such as: real GDP, real GDP per capita, Consumer Prices and Retail Prices Indices (CPI/RPI), measures of unemployment, productivity and the balance of payments on current account. How index numbers are calculated and interpreted, including the base year and the use of weights. How index numbers are used to measure changes in the price level and changes in other economic variables. A detailed technical knowledge is not expected of indices such as the Retail Prices Index (RPI) and Consumer Prices Index (CPI), but students should have an awareness of their underlying features, for example, the concept of the 'average family' and a 'basket of goods and services'.	**Tasks**: - Preparation tasks including flipped learning notes - Consolidation tasks including: - Multiple Choice Practice Questions - Recall and short answer questions - Portfolio of data analysis of key macroeconomic indicators - Case study application questions - Quantitative skills tests	
	Unemployment	Students will learn about the main UK measures of unemployment, ie the claimant count and the Labour Force Survey measure and the terms seasonal, frictional, structural and cyclical unemployment. They will discuss how employment and unemployment may be determined by both demand-side and supply-side factors and how changes in the rest of the world affect employment and unemployment in the UK. Students should appreciate that unemployment has a variety of causes and hence the appropriate policies to reduce unemployment depend on the cause.		
	Balance of payments	Students will explore the importance of international trade for an economy such as the UK and learn that the current account comprises trade in goods, trade in services, income flows and transfers. They need to understand the meaning of a deficit and a surplus on current account and the factors that influence a country's current account balance such as productivity, inflation and the exchange rate and economic activity in other countries. Students should be aware that the current account is only one part of the balance of payments but knowledge of the other parts of the account is not expected.		

	Aggregate Demand, Aggregate Supply and National income (6 weeks)	Students will learn: Changes in the price level are represented by movements along the aggregate demand (AD) and aggregate supply (AS) curves and that various factors shift the AD curve and the short-run AS curve. They will understand the factors which affect long-run AS and distinguish them from those which affect short-run AS and how underlying economic growth is represented by a rightward shift in the long-run AS curve.	**Tasks**: • Preparation tasks including flipped learning notes • Consolidation tasks including: • Multiple Choice Practice Questions
	Aggregate demand and supply analysis	Students will learn how to use AD/AS diagrams to illustrate macroeconomic equilibrium and explore how both demand-side and supply-side shocks affect the macro economy.	• Recall and short answer questions • Portfolio of data analysis of key macroeconomic indicators
Autumn term 2	AD and the level of economic activity	Students should be able to use AD and AS analysis to help them explain macroeconomic problems and issues. For example, they should be able to use AD and AS diagrams to illustrate changes in the price level, demand-deficient (cyclical) unemployment and economic growth. Students should also understand how global economic events can affect the domestic economy. Students will understand what is meant by Aggregate Demand and what determines it, i.e. the determinants of consumption, investment, government spending, exports and imports. They will learn about the basic accelerator process as well as the different between savings and investment as well as their determinants. They will explore the role of AD in influencing the level of economic activity and learning about the multiplier process and an explanation of why an initial change in expenditure may lead to a larger impact on local or national income.	• Case study application questions • Quantitative skills tests
	Determinants of SRAS	Students will understand why the price level and production costs are the main determinants of the short-run AS and how changes in costs, such as: money wage rates, raw material prices, business taxation and productivity, will shift the short-run AS curve	
	Determinants of LRAS	They will explore the fundamental determinants of long-run AS such as technology, productivity, attitudes, enterprise, factor mobility, and economic incentives and the position of the vertical long-run AS curve represents the normal capacity level of output of the economy. Students should understand how changes in net exports affect AD and how global events affect economic performance.	
	Inflation	Students will explore the concepts of inflation and deflation and how demand-pull and cost-push influences on the price level. They will further consider how changes in world commodity prices affect domestic inflation and how changes in other economies can affect inflation in the UK. Students should understand that deflation exists when the price level is falling whereas disinflation is when the rate of inflation is falling. Students should appreciate that deflationary policies are policies to reduce aggregate demand and do not necessarily result in deflation.	

		Multiple choice and data context exam paper questions	
Spring Term 1	**Nature of landmark assessment**		
	Economic growth and macroeconomic demand-side policies (6 weeks) Economic growth and the economic cycle	Students will understand the difference between short-run and long-run growth and 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. They will explore 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 and consider the difference between positive and negative output gaps. They will also discuss how demand-side and supply-side shocks, including those that occur in the global economy, affect domestic economic activity. Students should be able to use a production possibility curve and AD/AS diagrams to illustrate the distinction between short-run and long-run economic growth. Students should understand that long-run economic growth occurs when the productive capacity of the economy is increasing and is a term used to refer to the trend rate of growth of real national output in an economy over time.	**Tasks**: • Preparation tasks including flipped learning notes • Consolidation tasks including: • Multiple Choice Practice Questions • Recall and short answer questions • Portfolio of data analysis of key macroeconomic indicators • Case study application questions • Quantitative skills tests
	Fiscal policy	Fiscal policy involves the manipulation of government spending, taxation and the budget balance. Students should be aware of the main taxes in the UK and the main categories of government spending, eg spending on defence, health, education and welfare. Students will learn: How fiscal policy can be used to influence aggregate demand. How fiscal policy can be used to influence aggregate supply. How government spending and taxation can affect the pattern of economic activity. The difference between direct and indirect taxes. The difference between progressive, proportional and regressive taxes. The relationship between the budget balance and the national debt. Students should appreciate that governments may deliberately run budget deficits and surpluses to try to influence aggregate demand but they are not required to understand the arguments relating to the pros and cons of balancing the budget or attempting to limit the size of the national debt	
	Nature of landmark assessment	Multiple choice and data context exam paper questions	

			Tasks:
Spring Term 2	**Demand and supply side policy (9 weeks)** Monetary policy Supply-side policy	Monetary policy involves the central bank taking action to influence the manipulation of interest rates, the supply of money and credit, and the exchange rate. Students will explore this concept and also the role of the Monetary Policy Committee of the Bank of England (MPC) and how it uses changes in bank rate to try to achieve the objectives for monetary policy, including the government's target rate of inflation. They will discuss the factors considered by the MPC when setting bank rate and how changes in the exchange rate affect aggregate demand and the various macroeconomic policy objectives. Students will learn the difference between supply-side policies and supply-side improvements in the economy and how supply-side policies can help to achieve supply-side improvements in the economy. They will consider how supply-side policies, such as tax changes designed to change personal incentives, may increase the potential output of the economy and improve the underlying trend rate of economic growth. They will explore how supply-side policies can affect unemployment, the rate of change of prices and UK external performance, as reflected in the balance of payments on current account. Students will learn how supply-side policies include measures such as government spending on education and training, cuts in income and corporation tax, welfare reform, and industrial policy	• Preparation tasks including flipped learning notes • Consolidation tasks including: • Multiple Choice Practice Questions • Recall and short answer questions • Portfolio of data analysis of key macroeconomic indicators • Case study application questions • Quantitative skills tests
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Summer Term 1	**Economic Performance Macroeconomic policy** (7 weeks) Possible conflicts between objectives Revision	Students will explore the importance of macro-economic objectives and how policies will prioritise certain objectives. They will consider how the UK has historically implemented policies and which objectives have been targeted by these policies. Students will also look at the Phillips curve as a model for the trade-off between low unemployment and low inflation. Students should understand that policy making is designed for the best and most productive outcome but will have undesired effects on other macro-economic objectives Revision: Review of all content covered and key exam skills needed to be successful in end of year examinations	**Tasks**: - Preparation tasks including flipped learning notes - Consolidation tasks including: - Multiple Choice Practice Questions - Recall and short answer questions - Portfolio of data analysis of key macroeconomic indicators - Case study application questions - Quantitative skills tests
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Summer Term2	**International economics (6 weeks)** Globalisation	Students will understand: The causes of globalisation. The main characteristics of globalisation. The consequences of globalisation for less-developed and for more-developed countries. The role of multinational corporations in globalisation.	**Tasks**: - Preparation tasks including flipped learning notes - Consolidation tasks including: - Multiple Choice Practice Questions - Recall and short answer questions - Portfolio of data analysis of key macroeconomic indicators - Case study application questions - Quantitative skills tests
	International trade	Students will explore and understand: The model of comparative advantage. The distinction between comparative and absolute advantage. The model shows that specialisation and trade can increase total output. Other economic benefits of trade, such as the ability to exploit economies of scale and increased competition. The costs of international trade. The reasons for changes in the pattern of trade between the UK and the rest of the world. The nature of protectionist policies, such as: tariffs, quotas and export subsidies. The causes and consequences of countries adopting protectionist policies. The main features of a customs union. The main characteristics of the Single European Market (SEM). The consequences for the UK of its membership of the European Union (EU). The role of the World Trade Organisation (WTO).	
	Balance of payments	Students will understand: The difference between the current, capital and financial accounts on the balance of payments. The current account comprises trade in goods, trade in services, income flows and transfers. The meaning of a deficit and a surplus on the current account. The factors that influence a country's current account balance such as productivity, inflation and the exchange rate. The consequences of investment flows between countries. The policies that might be used to correct a balance of payments deficit or surplus. Expenditure-switching and expenditure-reducing policies. The effect policies used to correct a deficit or surplus may have upon other macroeconomic policy objectives. The significance of deficits and surpluses for an individual economy. The implications for the global economy of a major economy or economies with imbalances deciding to take corrective action.	

	Nature of landmark assessment	**END OF YEAR 12 EXAMS: Papers 1, 2 and 3 practice**