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| Explain the workings of fiscal policy and appreciate that it can have both micro and macro impacts on the economy. |
| Can you explain using AD/AS diagrams how fiscal policy can influence AD and AS through government spending and taxation |
| Appreciate how fiscal policy can influence the pattern of economic activity |
| Explain the workings of monetary policy (use of interest rates, money supply and exchange rates). Understand the role of the Monetary Policy Committee (MPC) and the Bank of England to achieve the government’s target rate of inflation (2%) |
| Use numerical examples to explain currency appreciations and depreciations and the impact this may have on imports and exports (current account) |
| Explain how supply-side policies influence LRAS (underlying trend rate growth of the economy) |
| Explain using AD/AS diagrams how supply-side improvements impacts on:   * Unemployment * Price levels * Current account |
| Appreciate that supply-side improvements can occur by private businesses and/or be the result of government policy |