

SJWMS Year 12 Induction 1.2

A'Level Economics

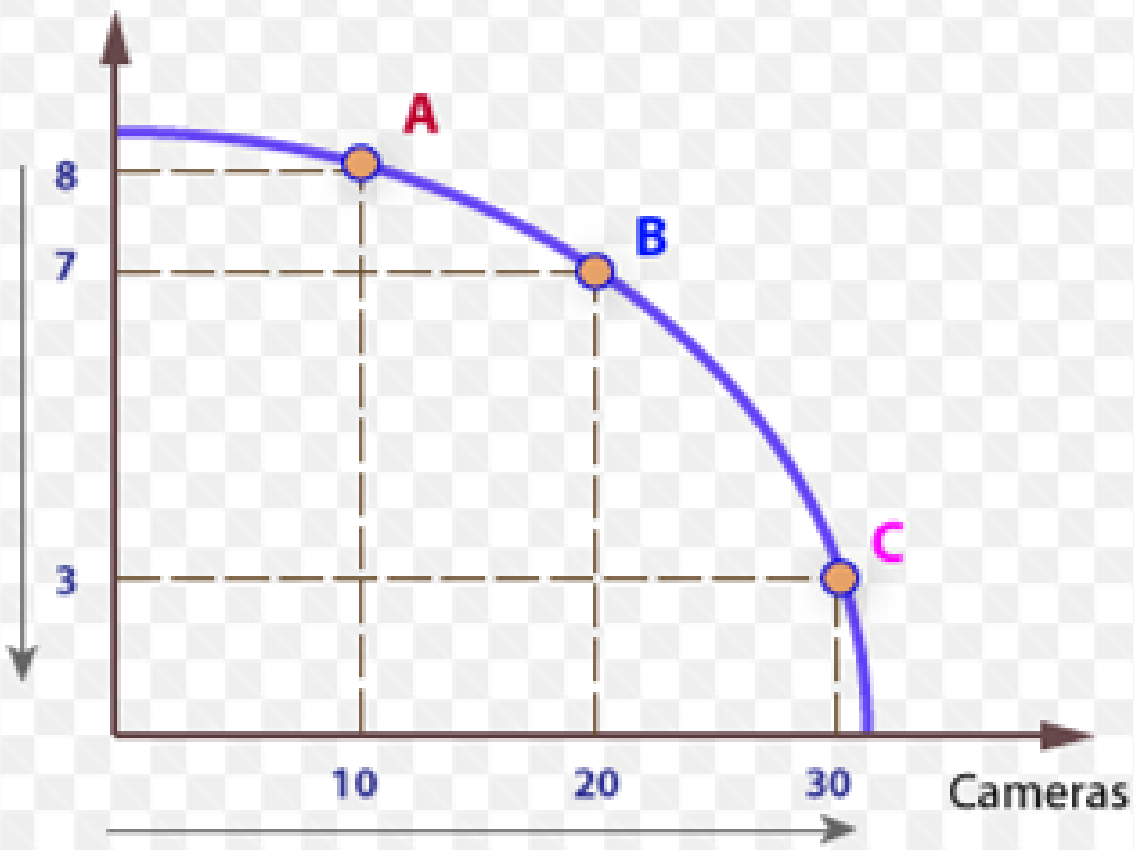
Starter: True or False?

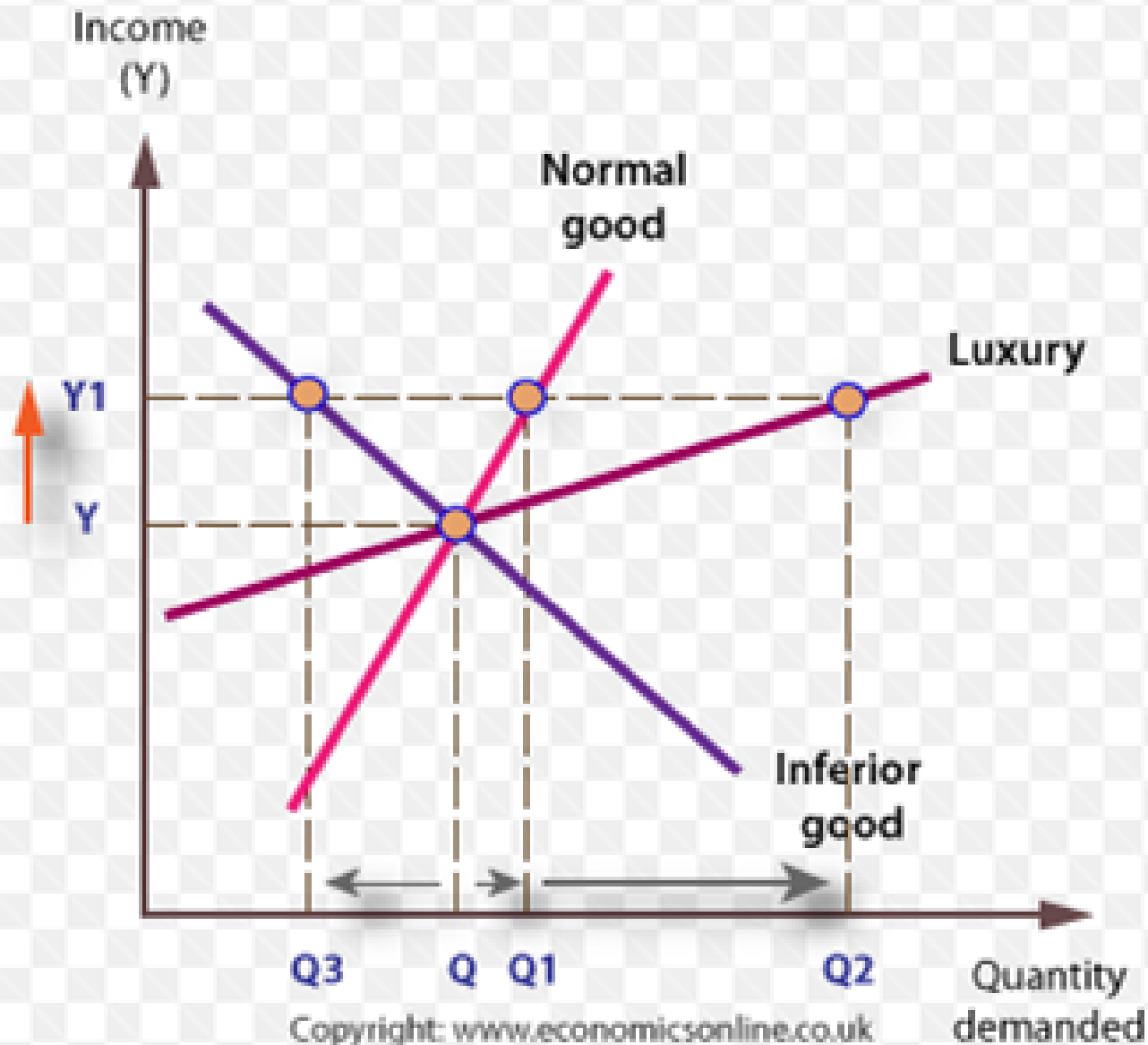
- *Investment is the largest component of AD in the UK.*
- *The Laffer Curve suggests that an increase in income tax results in increased tax revenue and an improved budget position for the government.*
- *Income inequality can lead to wealth inequality.*
- *Increases in AD will always results in average price level rising.*
- *A positive output gap can have a long-term damaging effect on future growth rates.*

Micro Diagrams:

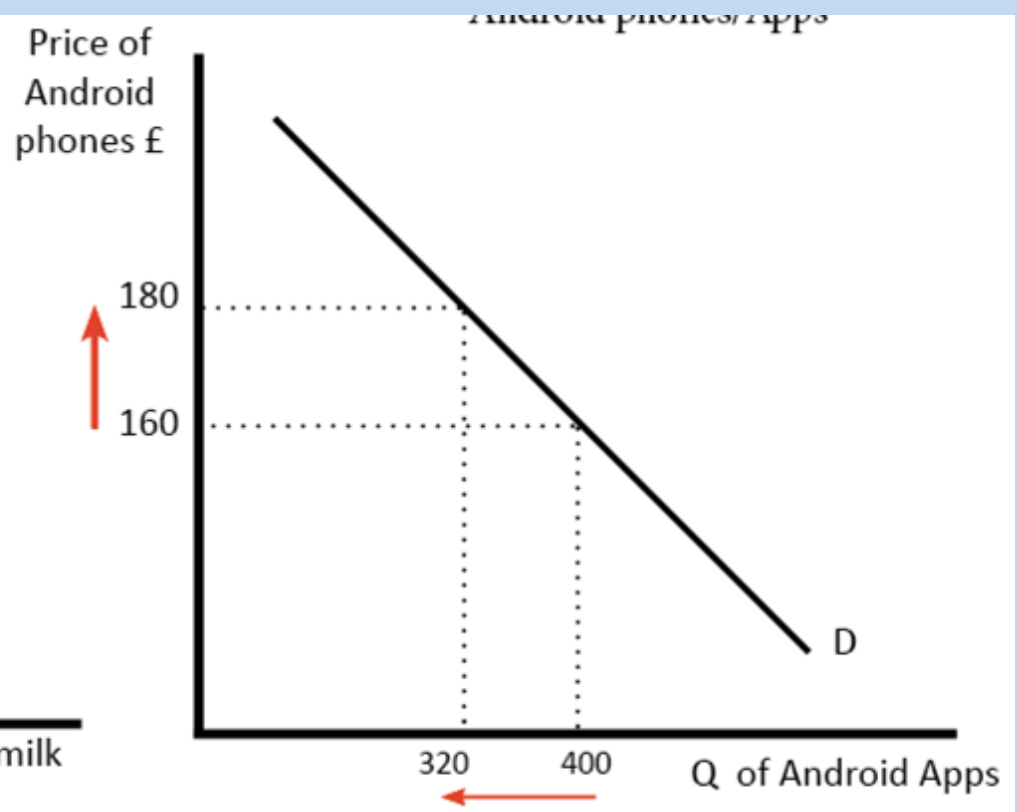
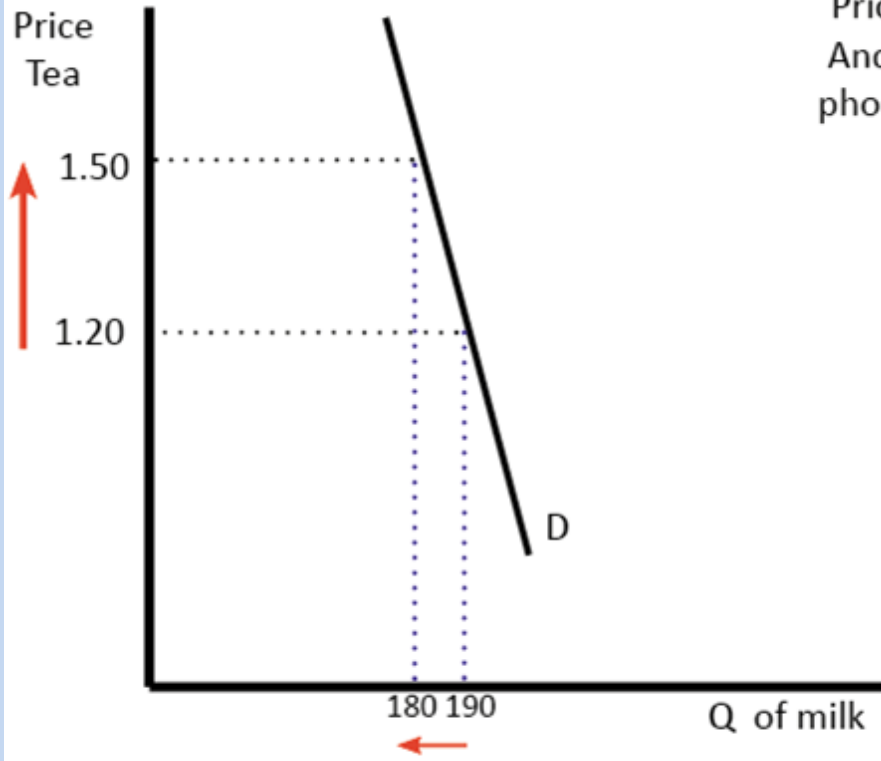
- For each diagram on the slides that follow, explain what you think it is showing and why you think economists might believe this.

Mobile phones









London House Prices Article:

Open the “London House Prices” Article. Read the Article and then answer the following questions.

- Explain the cause of the fall in London house prices.
- Why is it suggested that “healthy labour market conditions and low borrowing costs” will provide underlying support for the housing market?
- Why is a slowdown in the rate of growth of UK house prices a concern?