

Economics

Brief Overview of the Course <i>(for further details, please see our Sixth Form Prospectus</i> https://strschool.co.uk/sixthform/prospectus)	
Exam Board: Edexcel Specification web link: https://qualifications.pearson.com/content/dam/pdf/A%20Level/economics-a/2015/specification-and-sample-assessment-materials/A_Level_Econ_A_Spec.pdf	
Topics Covered: Year 12 Theme 1: focuses on microeconomic concepts: <ul style="list-style-type: none">• nature of economics• how markets work• market failure• government intervention. Theme 2: focuses on macroeconomic concepts: <ul style="list-style-type: none">• measures of economic performance• aggregate demand• aggregate supply• national income• economic growth• macroeconomic objectives and policy.	Topics Covered: Year 13 Theme 3: develops microeconomics concepts: <ul style="list-style-type: none">• business growth• business objectives• revenues, costs and profits• market structures• labour market• government intervention. Theme 4: develops macroeconomic concepts: <ul style="list-style-type: none">• international economics• poverty and inequality• emerging and developing economies• the financial sector• role of the state in the macroeconomy.

Please follow the instructions in the boxes below. The aim of these activities is to introduce you to the study of this subject at Advanced Level by:

- reinforcing your core knowledge and understanding of your chosen subject;
- encouraging you to think more deeply about your subject;
- supporting you to develop a deeper understanding of and appreciation for your subject as an academic discipline.

Core Knowledge and Understanding Task

Whether you have studied this subject before or not, there are elements of core knowledge and understanding that you must have prior to starting the A Level course.

Please provide a written answer to each of the following questions. There are links below to help you discover the answers.

Microeconomics questions:

1. What is meant by the term 'Microeconomics?'
2. What is the economic problem?
3. State the three types of economies and summarise the features of each type of economy.
4. How do the three types of economies respond to the economic problem? Hint: how do they allocate resources?
5. Identify and describe weaknesses of these economic systems, with a particular focus on resource allocation. (No need to cover mixed economy here.)
6. What factors influence demand from consumers?
7. What factors influence the supply from producers?
8. Draw and explain the shape of (a) a demand curve (b) a supply curve.
9. Show on a diagram, how market price is determined.

Macroeconomics questions

1. What is meant by the term 'Macroeconomics?'
2. What are the main macroeconomic objectives?
3. Define the following terms:
 - a. inflation
 - b. unemployment
 - c. economic growth
 - d. balance of payments.
4. Using UK economic data, describe the trends over the last 10 years in:
 - a. inflation

- b. unemployment
 - c. economic growth
 - d. balance of payments.
 - e. Even better if: attempt to explain the trends.
5. Define the terms "aggregate demand" and "aggregate supply".
 6. What things make up aggregate demand? (You do not need to cover the analysis of the diagrams.)
 7. What things make up aggregate supply? (You do not need to cover the analysis of the diagrams.)
 8. Government policies are used to try to achieve the macroeconomic objectives.
 - a. Name the 3 broad types of government policy
 - b. What is meant by a demand side policy?
 - c. If the government wanted to increase economic growth in the economy, what changes could be made to the rate of income tax?
 - d. How would this help to increase economic growth?
 - e. What could prevent this policy from working effectively?
 - f. What is meant by a supply-side policy?
 - g. Can you give an example of a supply side policy used by the government?
 - h. Why are supply side policies beneficial to the economy?
 - i. What could prevent a supply side policy, such as the one suggested in part (g) from working effectively?

Links to support:

Micro:

https://www.economicsonline.co.uk/Competitive_markets/The_economic_problem.html

<https://www.tutor2u.net/economics/reference/economic-systems>

https://www.economicsonline.co.uk/Competitive_markets/Economic_systems.html

<https://www.economicshelp.org/microessays/equilibrium/demand/>

<https://www.economicshelp.org/microessays/equilibrium/supply/>

<https://www.economicshelp.org/microessays/equilibrium/market-equilibrium/>

Macro:

<https://www.tutor2u.net/economics/reference/introduction-to-macroeconomic-objectives>

<https://www.tutor2u.net/economics/reference/head-start-economics-introduction-to-macroeconomics>

<https://www.investopedia.com/terms/i/inflation.asp>

<https://www.investopedia.com/terms/u/unemployment.asp>

<https://www.investopedia.com/terms/e/economicgrowth.asp>

<https://www.investopedia.com/terms/b/bop.asp>

<https://www.ons.gov.uk/economy/>

<https://www.investopedia.com/terms/a/aggregatedemand.asp>

<https://www.investopedia.com/terms/a/aggregatesupply.asp>

<https://www.economicshelp.org/blog/5272/economics/policies-for-economic-growth/>

The Bigger Picture Task

As well as reinforcing your core knowledge and understanding, our A Level curriculum will expose you to what are called the 'established orthodoxies' within each subject, which can include key research, important people who have contributed to the field, as well as broader methods and theories that exist within the subject.

Prior to starting the A Level course, it is important that you are aware of the following themes and topics so that you can develop an understanding of how they contribute to some of the established orthodoxies within Economics.

Adam Smith

1. Who was Adam Smith?
2. Approximately, when was he born?
3. What is his most celebrated book?
4. How does Adam Smith's study of a pin factory explain the benefits of division of labour and specialisation?
5. However, what are the criticisms of specialisation and the division of labour?
6. Do you think the division of labour is an important concept in production today?
7. How does specialisation justify the case for international trade and, more importantly, international trade without any trade barriers?
8. What is Adam Smith's referring to when using the phrase the "invisible hand"?
9. What type of economy does Adam Smith advocate and why?
10. What are the aims of the Adam Smith Institute?

John Maynard Keynes

1. Who was John Maynard Keynes?
2. Approximately, when and where was he born?
3. Which economic theory is he the founder of? What he best known for his strong believe in?

4. In his paper titled "The General Theory of Employment, Interest and Money," what did Keynes believe was the best way to stop an economic recession? **Even better if: Define the term recession.**
5. 'Animal spirits' was a term coined by Keynes. What is meant by this term?

Milton Friedman

1. Who was Milton Friedman?
2. Approximately, when, and where was he born?
3. What is Friedman best known for his strong belief in?
4. How does Friedman's belief differ from that of Keynes?

Schools of Thought

Whilst there are many 'schools of thought' in Economics, there two that we will regularly refer to in the A Level course that oppose each other:

- **Free Market Economics**
- **Interventionist Economics**

1. What is the difference between the two? How do each believe the economy should be managed?
2. Which economists, listed above, belong to which of the two schools of thought?
3. Read the below article and see if it makes sense based on this 'bigger picture' task <https://nationalinterest.org/blog/buzz/interventionist-vs-free-market-which-brand-economic-policy-will-uk-adhere-post-coronavirus>

Links to support:

<https://www.biography.com/scholar/adam-smith>

<https://www.tutor2u.net/economics/reference/specialisation>

<https://www.bing.com/videos/search?q=adam+smith+division+of+labour&&view=detail&mid=E6E1DF2FD87461EFE4F2E6E1DF2FD87461EFE4F2&&FORM=VRDGAR&ru=%2Fvideos%2Fsearch%3Fq%3Dadam%2520smith%2520division%2520of%2520labour%26qs%3DNM%26form%3DQBVDMH%26sp%3D1%26pq%3Dadam%2520smith%2520and%2520the%2520division%2520of%2520%26sc%3D8-31%26cvid%3DC34563B83C6C421FBF3CBF63AE457336>

<https://www.preservearticles.com/economics/adam-smiths-theory-of-international-trade-the-law-of-absolute-cost-advantage-of-international-trade/19130>

<https://economictimes.indiatimes.com/definition/invisible-hand>

<https://www.bing.com/videos/search?q=adam+smith+and+the+invisible+hand%23&docid=608005538750071144&mid=463734E7354A2D72CBF7463734E7354A2D72CBF7&view=detail&FORM=VIRE>

<https://www.bing.com/videos/search?q=adam+smith+free+market+economy&&view=detail&mid=8644F511687412C1AAD98644F511687412C1AAD9&&FORM=VRDGAR&ru=%2Fvideos%2Fsearch%3Fq%3Dadam%2520smith%2520free%2520market%2520economy%26qs%3DNM%26form%3DQBVR%26sp%3D4%26ghc%3D1%26pq%3Dadam%2520smith%2520and%2520free%2520mark%26sk%3DNM3%26sc%3D4-24%26cvid%3D0742DDD9D2C64F95A6015FF69C768264>

<https://www.adamsmith.org/about-the-asi>

http://www.bbc.co.uk/history/historic_figures/keynes_john_maynard.shtml

https://www.investopedia.com/terms/j/john_maynard_keynes.asp

<https://www.tutor2u.net/economics/reference/keynesian-economics>

<https://www.investopedia.com/terms/a/animal-spirits.asp>

<https://www.investopedia.com/terms/m/milton-friedman.asp>

Recommended Reading List and the Department's 'Top Pick' Title

As an A Level student, we want you to value academic endeavour (scholarship) and develop a thirst for learning in your chosen subject. Our curriculum will help you to understand that scholarship is not just about learning facts, it is about nurturing powerful knowledge.

We will help you with this by directing you to resources that will not only deepen your knowledge and strengthen your understanding of the A Level content, but also broaden it beyond that of the exam board specification.

Please find the full subject reading list alongside our prospectus on the Sixth Form section of the STRS website here: <https://strschool.co.uk/sixthform/prospectus>. We would encourage you to explore as many of these titles as you can.

From the published reading list, the most highly recommended book(s)/article(s) to read before September are:

Doughnut Economics by Kate Rayworth

Freakonomics or Superfreakonomics by Levitt and Dubner

Once you have read the recommended book/chapter/article, consider the following:

- What did you learn from the reading?
- Have you identified any patterns or made any connections?
- What unanswered questions has the reading left you with?
- Did you agree entirely with what you have read? If so, why? If not, why not?
- Are there any themes or topics that you would like to explore further?

Other Recommended Activities

Please find below a selection of suggested additional activities that the department feel it would be useful for you to explore prior to starting the A Level course in September.

1. **Head Start in A-Level Economics** is the new, free online transition resource to introduce Year 11 students to their A-Level Economics course. Work your way through each new topic that interests you. There are six lessons on the Economics of the current pandemic that are highly recommended.

https://www.tutor2u.net/economics/collections/head-start-for-alevel-economics-transition-resource-year-11-students?utm_medium=email&utm_campaign=CM-Econ-HeadStartLaunch-200420&utm_content=CM-Econ-HeadStartLaunch-200420+CID_dec3ee13979b23a24aba1e49ce133c8a&utm_source=CampMonitor&utm_term=Head%20Start%20in%20A-Level%20Economics

2. **EconomicsinTEN:** In a special blog, Gavin Simpson writes about the how wonderful Economics is in a Ten podcast series. Well worth a listen/read!

https://twitter.com/EconomicsinTen?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1242444178077945859&ref_url=https%3A%2F%2Fwww.tutor2u.net%2Feconomics%2Fblog%2Feconomics-in-ten-podcasts-and-distance-learning-for-economics-students

3. **Register with Ted.com** to view talks and presentations on the business/economic world.

The following are good starting talks;

- https://www.ted.com/playlists/272/understanding_world_economics
- https://www.ted.com/talks/didier_sornette_how_we_can_predict_the_next_financial_crisis
- https://www.ted.com/talks/rory_sutherland_sweat_the_small_stuff

4. Below are some **YouTube documentaries** that explore how economic theory works, the major economic events of recent decades, as well as the key thinkers within the subject that have been explored in the earlier tasks:

The Economic Machine

<https://www.youtube.com/watch?v=PHe0bXAluk0>

The Great Depression (1929)

<https://www.youtube.com/watch?v=glSxPouPCIM>

Adam Smith – Ideas that Changed the World

<https://www.youtube.com/watch?v=8ruiUOQERnw>

John Maynard Keynes – Masters of Money

<https://www.youtube.com/watch?v=CkHooEp3vRE>